

SOCIAL RESPONSIBILITY PRACTICES & REPORTING IN PALESTINE

The Case of Bank of Palestine (BOP)

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Abstract

The study aimed to identify the reality of the practice and reporting of SR programs in Palestine, and the role of the private sector and BOP specifically to contribute to mitigating economic and social impacts in light of the fragile role of the government in combating poverty and unemployment. The descriptive approach was used based on the published annual secondary data, the content analysis methodology of the bank's policies towards its SR, and the primary data through interviews with a simple sample of the study population.

After reviewing the study literature, analyzing the content of policies, annual reports during the period (2010 - 2019), results of interviews, BOP is considered one of the first and largest listed companies that practice real social activities towards workers, local community and the environment. The bank has adopted specific policies documented in the direction of SR within the framework of its internal policies, and is disclosed annually through periodic reports. The bank adopted a decision to allocate 5% of the bank's annual profits as a minimum, to cover many social activities in the areas of education, technology, health, environment, poverty alleviation and unemployment. The researcher recommends continuity in documenting social activities within the framework of corporate governance standards.

Keywords: CSR, Banking sectors, CSR Practices & Reporting in Palestine

1- Introduction:

Social responsibility and its applications is largely and essentially reflected on society in the various developmental aspects, as adopting the application of social responsibility is one of the important roles that the various institutions should play in contributing to the development of society, working to confront some negative phenomenon, and reducing them in terms of strengthening and supporting the developmental process of a society. It should be noted that recent approaches in management and development emphasize on the importance of the implications of SR within the process of evaluating institutional performance, as the institution's performance related to the society in which it operates and its impact on the environment has become an important and essential part of measuring its overall performance, effectiveness and successfully. Corporate SR is how these companies manage commercial operations in a way that has a positive impact on society. (Katavic, 2014)

The concept of SR has become one of the basic and fundamental modern concepts that have become more widespread, have important in institutions at the local and global levels in the modern era, become one of the main criteria that indicates the level of participation in community service from the obligatory entrance and not voluntary within the framework of standards, and has experienced some differences in vision due to the similarity of its goals with other goals of volunteer social work (Maruffi, Petri, and Malindretos, 2013).

Increasing role played by the private sector that bears the primary responsibility in achieving economic and social goals; led to private sector becoming primarily responsible for SR practices and applications, and become a major program of many Institutions: has reached parity with other economic programs (Quairel-Lanoizelee, 2011).

2- Study Problem:

Researches on CSR disclosure practices have increased the focused on the extension, content, quality of these reports, as well as their determinants in different countries, a growing awareness of the relevance of the banking sector in society and the environment as well as of CSR practices in the international banking context emerged. The CSR disclosure practices by banks in anchored to a set of non-financial information directed to increase their credibility in the environment in which they survive, guaranteeing the stakeholder engagement and CSR principles. In Palestine, talk about the practice of social responsibility and documentation is still shallow, and binding legislation still does not exist, and the researcher resorted to conducting a study on the banking sector, given that this sector is one of the sectors that are most subject to the criteria of governance and inclusion.

Study Questions:

- 1- What is the reality of applying SR towards Customers, Workers, Owners, Environment, and local community in the Banking Sector?
- 2- What is the reality of CSR Reporting in Banking Sector?

3- Research Methodology:

In this study, the researcher used the descriptive approach, which is a method based on describing the phenomenon, its interpretation, and predicting the properties as they are in reality (Sekaran, 2006), and the field study method will be used to collect the data necessary to complete the study. In order to achieve the objectives of the study, data was collected from Primary sources: Data collected from interviews, Secondary sources, arabic and foreign books and references, periodicals, articles, related university theses, previous research and studies that dealt with the topic of social responsibility, reports issued by the Bank of Palestine.

Study community: Administrative employees in the top management of the Bank of Palestine, and they were chosen as being more knowledgeable about matters related to SR, have a broader perspective regarding the laws and instructions issued by the Palestinian Monetary Authority, the study also included a community of non-administrative workers in the branches of the Bank of Palestine, in order to study the extent of applying social responsibility in the Bank of Palestine towards workers and customers, in addition to the beneficiary community.

Study sample:

In order to achieve the goals of the study, the researcher chose to:

- 1- A comprehensive survey sample for workers at the higher administrative levels and social responsibility officers.

2- A convenient sample for the bank's clients benefiting from the applications of SR to know the applications of SR in the Bank and ways to develop them.

Study tools: Methodology of analyzing the content of the disclosed data from the bank, interview the official of the bank's SR department and some other managerial employees, and review and analyze previous articles and studies.

Study Variables: Includes the dependent variables and is represented in the voluntary establishment of SR in its various fields (towards customers, employees, local community, owners, and environment).

4- Literature review:

Concept of Social Responsibility: Many studies confirm that the social commitment of institutions has grown as a result of cultural and educational awareness, and in view of the pressures of human rights associations, and the personal interests of individuals have turned into organized collective movements that have contributed to increasing pressure from society to improve the societal role in the management of institutions for their actions. Multiple recent studies and research have confirmed that adopting the concept of SR in any institution clearly affects the competitive advantage, and affects the reputation of the institution, its ability to attract workers and customers. (Anwar, 2010).

The European Union defines SR as a process of voluntary inclusion and unification of environmental and social initiatives into corporate strategies and practices (its activities), as in its interactions with commercial stakeholders, defined Corporate SR as a commitment of businessmen is as pursues policies and lines of action, or to make desired decisions in terms of society's goals and values, how these companies manage commercial operations, with a positive impact positive benefit on society (Ismail, 2009).

Regarding SR and its impact on achieving competitive advantage in government and private hospitals in Jordan, the concept of social responsibility was addressed: as the hospital's responsibility about the effects of its decisions and activities on society, the environment, and patients. Where the responsibility of the hospital is through achieving transparency and ethical behavior, in addition to taking into account the expectations of shareholders and patients in particular, which, in turn, is consistent with achieving prosperity and sustainable development in society, as stated at (Sharif, 2018)

Through the previous definitions, the concept of SR can be addressed as the role of institutions and companies by contributing to the advancement of society and the achievement of sustainable development, by enhancing the means of well-being and decent living for its members in a manner that serves the economy and society at the same time. In addition to the fact that SR is a voluntary not mandatory practice enacted by laws and legislations in companies and institutions.

Social responsibility dimensions:

The continuous development in the system of companies and institutions made it incumbent upon them to develop their responsibility towards society, as it is considered an obligation of

them to contribute to a wide range of societal activities, whether economically, legally or ethically. By reviewing the literature on the topic of SR, find that there are several dimensions of social responsibility represented in (Daden, A and Rashid, H. 2012):

Economic Dimension: Rely on the principles of competition and keep pace with technological development within the framework of corporate SR, and focus on the importance of producing goods and services of value to society, taking into account cost and quality. Thereby, the company achieves the desired returns and profits. (Carrel, 2010)

Ethical Dimension: Corporate governance must take into account the ethical aspects and norms prevailing in the societies in which they operate, company's commitment to those norms and its respect for society's ethics and values is important to further improve the company's reputation and enhance its image in society. (Anwar, 2010)

Legal Dimension: Companies' responsibilities are usually defined by laws and regulations established by governments. Companies must respect these laws. This dimension is closely related to consumer protection, and to ensuring occupational safety and justice. (Zyowd, 2010)

Importance of CSR:

SR applications in their economic, environmental and social dimensions are considered to have a return that achieves a high value for the institution and achieves multiple benefits; foremost of which is improving the image of the institution and establishing its reputation in society, a positive impact that the institution is gaining, this leads to increasing the competitive advantage and its ability to compete against institutions Likewise; it is represented in the financial returns of the institution, social acceptance in terms of community members. SR practices increasing social solidarity between the various segments of societ. (Daden and Rashid, 2012), (lolo, 2009)

Social Responsibility Goals: (Awwad, 2010, p. 9)

Social responsibility aims to achieve many goals, most notably:

Contribute to defining the role of institutions and organizing their activities, in a way that contributes to understanding the differences, whether environmental, cultural or societal. Focus on continuous improvement of performance. Enhancing trust and achieving transparency and reassurance of institutions in the way they deal with stakeholders. Working to achieve harmony with international texts and agreements, especially those related to human rights, and the preservation of the environment. Observe all safety conditions for the environment and people and contribute to mitigating damages as much as possible. Achieve awareness of social responsibility issues, especially those that are the lifeblood of society. Adhering to the teachings of religions and making use of them in real life to enhance the supportive performance of social responsibility. Incorporating social responsibility practices into educational or business plans for institutions.

Previous Studies:

Corporate Social Responsibility (CSR): Palestine Exchange: Banat, Bassam - European Scientific Journal 10 (35):154-169 · December 2018

This research study has shed light on the perceptions of corporate social responsibility (CSR) in the Palestinian society. A representative stratified sampling survey design which consisted of thirty-seven corporate from the West Bank and Gaza Strip was used in this study. A self-administered 31-item questionnaire developed by the researchers was used, based on the (Carroll, 1979) CSR model. Findings show that Palestinians have a moderate perception of CSR. They experienced different types of obstacles in its implementation, in addition to the under-reporting of CSR which is widespread. Current statistics revealed that gender, sector, and employees were significant predictors of CSR. Although, different Palestinian sectors are making efforts in the CSR areas, but there is a lot that needs to be done in terms of Palestinians needs and reality. Keywords: CSR, Palestine, Sustainable development, Community.

Palestinian Corporate SR and Enhancing its Contribution to Social Development-The Palestine Economic Policy Research Institute (MAS). Iman Saadeh & Raja Khalidi – 2019

This study deals with CSR programs in Palestine and related strategies used by companies, and in Palestine there is no clear and definitive concept, and the private sector does not have a clear vision of its role. Because of these factors, it may seem incapable at the outset to implement effective and limited CSR programs. The question will be whether it will be possible to design policies that encourage the private sector to work beyond its economic role and towards social issues, specifically poverty and social protection? The paper also discusses the financial sustainability of corporate social responsibility, especially for social protection programs. The study examines the long-standing controversy over the SR, thus providing a better understanding of the concept of corporate social responsibility in the Palestinian context. It is the first study to assess the relationship between social responsibility and the role of the government public sector. It provides a set of recommendations on the best policies that would support social protection programs by strengthening the private sector, identifying the most feasible measures to develop methods and scope of access to corporate social responsibility in the private sector, and strengthening an institutional strategy for corporate social responsibility and building an effective social development partnership between the two sectors Public and private.

5- Study Results:

Part1: Answer the study questions: Questions will be answered by calculating the percentages of the administrators' answers about the items covered by the first axis:

"What is the reality of applying SR towards customers in the Bank of Palestine?"

- 1- The bank provides electronic services that contribute to providing the service to clients in a good way.
- 2- The results showed that 100% of the managers stressed the bank's interest in improving the quality of services to clients.
- 3- The responses of the supervisors differed about the speed of answering customer questions, 88.9% of them indicated a speed of response, while 11.1% indicated that the speed of response depends on work pressure.

4- The results of the interviews showed that 55.6% of the respondents undertake periodic studies to measure the extent of customer satisfaction with the bank's services.

5- The majority acknowledged that the bank is interested in receiving customer proposals for use in developing its services: There is a special fund and the employee in charge follows up on complaints.

6- All sample members agreed that the bank would explain the terms of service before providing it to clients.

7- The bank adheres to ethical standards in the services it provides to clients.

From the results of the interviews with Bank of Palestine employees, it is clear that the degree of application of social responsibility towards the bank's clients from the point of view of the managers was 87.7% higher.

"What is the reality of applying SR towards workers in the Bank of Palestine?"

65.6% indicated that the bank adopted a policy of equal opportunities in the recruitment process, while 34.4% of respondents indicated that personal and social relationships play a prominent role in employment policies.

2- The bank shall abide by the minimum wages according to the Palestinian labor law.

3- 88.9% mentioned that the bank does not distinguish between workers, while 11.1% indicated that there is discrimination between workers on the basis of the family.

4- 88.8% of them stated that the bank does not distinguish between employees on the basis of sex.

5- The bank provides employees with training programs to develop their practical capabilities

6- The bank provides its employees with adequate health services (health insurance).

7- Workers receive appropriate financial compensation when they are injured in work-related injuries: 22.2% of them report that the compensation they receive is through insurance and not from the bank itself.

8- The bank provides safety and security measures for workers

9- The bank adopts a policy of balance between work and daily life of employees, where 66.7% of administrative employees complained about working during public holidays even if they were receiving their salaries because of its negative impact on their social life.

From the previous results, it is clear that the degree of application of social responsibility towards the bank's employees was 80.8% high.

"What is the reality of applying SR towards the local community in Bank of Palestine?"

1- The bank provides financial assistance to implement infrastructure projects in Palestine: 66.7% of respondents answered that the bank is interested in providing assistance.

2- The bank contributes in supporting sports activities: by sponsoring the annual league and the Palestine Marathon.

3- The bank shall abide by the customs and traditions of the Palestinian society

4- The bank diversifies from the nature of the services it provides to the local community.

5- The bank contributes to employing a clear percentage of people with special needs.

The degree of application of the bank towards the local community from the managers point of view was high by 90.3%

"What is the reality of applying SR towards the owners in the Bank of Palestine?"

1- The bank clearly discloses its financial position in its periodic reports.

2- The bank is interested in fulfilling the aspirations of the shareholders

3- He indicated 88.9% that the bank operates in light of the general policies that are drawn at the annual shareholders 'meeting.

4- The bank management is working to protect its assets.

5- The bank is working to improve its effort to maximize the wealth of owners.

6- The profits are distributed to the shareholders periodically.

7- The bank works to reduce costs and increase services: 88.9% of them mentioned that the bank is working on that.

From the previous results, it is clear that the degree of application of social responsibility towards the owners was 95.2% high.

"What is the reality of applying SR towards the environment in the Bank of Palestine?"

3- 1- There is no separate unit for the environment within the framework of the bank's policies towards social responsibility for the environment.

4- 2- The bank participates in awareness campaigns to reduce pollution, separate solid waste, plant trees and implement green management.

5- 3- Adopts a flexible emergency plan to confront environmental disasters and relief the homes affected in the Gaza Strip due to the war.

6- 4- The bank supports projects that protect the environment: implementing an agreement with the Agricultural Action Union for joint cooperation to support the agricultural sector.

It is clear from the results that the degree of application of SR towards the environment was high by 77.8%.

Part2: The results of the interviews. The results were as follows:

1- What are the areas covered by the SR applications in the bank?

It was revealed through the interview that the applications of SR include all sectors in the Palestinian society, such as health and environment, youth, education, women's empowerment, culture and human endeavors.

2- Is there a written system in the bank that controls SR applications to serve or develop a specific sector?

I did not find a direct answer, I concluded that there is no written injustice regarding SR, and that you also refer to the bank's website.

3- Are the needs of the sectors to which the bank provides services are studied?

At the beginning of each year, the bank undertakes to work on a budget and study of the community and meeting needs and to consult on that.

4- What are the obstacles facing SR applications in the Bank of Palestine?

The results of the interviews and research showed that one of the most important obstacles facing it is that the needs of society are great, and the bank is one of the most important supporting institutions, which places a great responsibility on it.

Part3: Content analysis results:

Number	Term	Match	No Match
1	The bank provides electronic services that help to deliver the service to the customer	*	
2	The bank is interested in improving the quality of its services	*	
3	Customers' questions are answered quickly	*	
4	The bank is interested in receiving customer proposals for use in developing the quality of its services		*
5	The bank conducts periodic studies to measure customer satisfaction with its services		*
6	The bank explains to its customers the conditions of service before providing them		*
7	The bank observes ethical standards in its services to customers	*	
8	The bank takes into account the prevailing income levels in society when pricing its services		*

The content is analyzed through what was mentioned in the reports of SR, and the annual reports issued by the Bank of Palestine, in addition to the reports submitted to the audit committee.

Table (1) Content analysis for the application of SR towards customers:

The results of content analysis with respect to customers showed that the annual reports of SR do not contain the following items: The bank is interested in receiving customer proposals to develop the quality of its services, the bank conducts periodic studies to measure customer satisfaction, and the bank explains the conditions of service before they are presented, as they are applied to the reality But it is not mentioned in the annual reports. As for the clause that the bank

takes into account the prevailing levels of income in society when pricing its services, it is not applied in reality and is not presented in the reports.

Table (2) Transfer of content to implement SR towards workers:

number	term	match	No match
1	adopts an equal employment opportunities policy in employment		*
2	adheres to the minimum wage according to the Palestinian Labor Law	*	
3	distinguishes between workers on the basis of the family from which each of them come	*	
4	distinguishes between workers on the basis of gender(male/female)	*	
5	provides employees with training programs that develop their abilities to work	*	
6	provides its employees with adequate health services (health insurance)	*	
7	Workers get appropriate financial compensation from the bank when they are exposed to work injuries		*
8	provides safety and security measures for workers	*	
9	adopts a policy of balance between job and daily life of employees		*

Regards to the applications of SR towards workers, the results showed that the reports do not contain the following items: The bank adopts a policy of equal employment opportunities in employment, workers receive appropriate financial compensation when they are injured, and the bank adopts a policy of balance between job and daily life of employees, As we concluded that these provisions were not applied in reality and were not mentioned in the reports, and with regard to the item that the bank offers paid holidays as it is in the Palestinian Labor Law, this matter is applied in reality, but was not mentioned in the reports.

Table (3) Content analysis for the application of social responsibility towards the local community:

number	term	match	No match
1	the extent of the bank's contribution to reducing the number of the unemployed through its job policies	*	
2	provides financial aid to implement infrastructure projects in Palestine		*
3	contributes to supporting sports activities	*	
4	observes the customs and traditions of Palestinian society	*	
5	diversifies from the nature of the services it provides to the local community	*	
6	employs a 5% percentage of people with special needs	*	
7	The bank provides free services to different sectors	*	

We found that the items mentioned in the applications of SR towards the local community were all mentioned in the reports of SR issued by the Bank of Palestine, with the exception of the provision of the bank financial assistance to implement infrastructure projects in Palestine.

Table (4) Transfer of the content to implement the SR towards the owners:

number	term	match	No match
1	Disclosure of its financial position to shareholders	*	
2	concerned on achieving the aspirations of the shareholders	*	
3	operates in the light of the general policies approved by the shareholders 'General Authority	*	
4	management is concerned to protect its assets	*	
5	makes every effort to maximize the owners 'wealth	*	
6	profits distributed to shareholders annually	*	
7	works to reduce costs and increase services		*

The results showed that all items of SR towards owners are applied and are present in the bank's annual reports, with the exception of a clause that the bank works to reduce costs and increase services.

Table (5) Content analysis for the application of SR towards the environment

number	term	match	No match
1	the presence of the director of the environment unit		*
2	participates in awareness campaigns to reduce pollution	*	
3	The presence of a mechanism for dealing with environmental disasters	*	
4	supports projects that protect the environment	*	

The results revealed that the reports issued by the bank contain all items of applications of SR towards the environment, with the exception of the presence of the Director of the Environmental Unit.

6- Conclusions:

Changes in social system circumstances, sped up by economic process or political innovations, have created new social demands and requirements of the private sector in Palestine. The attention of company social responsibility is frequently viewed as a possible device for taking care of social demands and response as firms consciously assume obligation for society. Company Social Responsibility is a thought whereby banking institutions admit the rewards of society and therefore the earth by forward responsibility for the impact of their exercises on partners, employees, investors, customers, atmosphere instead of their gains and development.

The paper provides a review of quantitative and qualitative research on corporate Social Responsibility in banking sectors in Palestine. So, we tend to establish two issues of stress of CSR research during this sector. These issues are CSR practices, and CSR reports. By doing this, we tend to raise the necessity for doing research in some rising and missing issues that are derived from empirical practices. The new research direction proposed during this paper could facilitate to develop an improved understanding of CSR and encourage CSR implementation in

banking Sector in Palestine. Five most preferred areas in priority order are education & vocational skills, healthcare, disaster relief, financial literacy and livelihood.

There is a Lack of Revelation: banks barely disclose their production process and take responsibility for the damages caused by these processes. They hardly state the steps taken by them to minimize damages. Lack of Precision: Although few companies have started doing corporate social responsibility reporting but still there is hardly any company that is stating the exact amount of expenditure done by them on the CSR activities.

They are not mentioning the exact amount in any of their balance sheet or annual report.

7- Recommendations:

- 1- Policy development to do what sustainable CSR initiatives look like in the future?
- 2- Doing CSR reporting and disclose about their production process, damage caused and steps taken to minimize them.
- 3- They should also disclose the amount spent on CSR activities.
- 4- Focus on doing social good rather than considering CSR as promotion tool.

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