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**Corporate Social Responsibility in Listed Companies in Palestine
Securities Exchange (PSE) and its Relation to Profitability**

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DEDICATION

To my parents

My Father, my model & pacemaker, thank you for your encouragement and insistence on us to be better and give more.

My Mother, thanks for always being there for me, whenever I needed you, you were there with open arms.

To my father and mother in law thank you for your continuous encouragement

To my husband, words can't honor you, thanks for your support, without you I wouldn't succeed.

To my children, zainah, youcef and youmna

To my sisters and brothers, life worth's nothing without you

To all of my family

I dedicate this work,

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ABSTRACT

Corporate Social Responsibility (CSR) in Listed Companies in Palestine Securities Exchange (PSE) and its Relation to Profitability

BY

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Supervisor

Dr.Samir Abuznaid

This study aims to recognize the extent of applying corporate social responsibility (CSR) in listed companies in Palestine Securities Exchange (PSE) and its relation to profitability. Social responsibilities towards workers, environment, marketplace and community were investigated, the profitability status of listed companies during the interval (2004-2008) was also investigated using the accounting -based profitability indicators (return on asset (ROA), return on equity (ROE), net profit margin and earnings per share (EPS)) and the market-based indicators (market share price (MSP)), the correlation between CSR and profitability was then investigated. This study aims also to find out whether there are differences in the application of CSR between listed companies due to the year of establishment, firm size, sector, CSR motive, CSR application in the organization structure, manager's educational level, experience and specialization. The CSR procedural definition in this study encompasses its legal, ethical and discretionary parts, the economic one was excluded. The descriptive methodology is used, and a survey questionnaire was directed to (127) branch managers to measure their social responsibility, only (117) questionnaires were retrieved, that is; (92%) of the population. Financial information concerning profitability was retrieved from the annual reports available on their website and on the 2006, 2008 annual guidebooks. Results revealed high level of social responsibility of listed companies in (PSE); their commitment to the legal and ethical parts of CSR was higher than that of the discretionary one. Responsibility towards market place was the highest, followed by responsibility towards

workers, community and then the environment. The insurance sector was the most profitable sector, while the industry was the least, the service and banking sectors were the most responsible sectors, while the investment and the industry ones were the least. (50%) of the population applied CSR to support their images and for altruism, while only (8%) were seeking profitability. Finally results revealed that listed companies that were established between (1999-2003) ,companies managed by marketing managers, or managed by low experienced ones ,were more responsible towards workers, community and environment, while older companies, companies managed by managers with specializations other than marketing ,business administration, accounting or finance ,or managed by high experienced managers were more responsible towards marketplace. Results also revealed that companies with more capital, higher number of workers, and a CSR department were more responsible than others.

The researcher has come out with several recommendations directed to three different parties, some are directed to corporations, such as cooperating to offer huge voluntary projects to the local community such as infrastructure projects, others were directed to the legislation council such as providing privileges to socially responsible companies, for example; tax deduction, and finally suggestions are made for further researches such as studying this issue from other stakeholders' points of views.

CHAPTER ONE

THE PROBLEM AND ITS BACKGROUND

1.1 Introduction

2.1 Statement of the problem

3.1 Objectives of the study

4.1 Significance of the study

5.1 Scope and limitations of the study

6.1 Glossary, acronyms and procedural definitions

7.1 Model of the study

CHAPTER 1

THE PROBLEM AND ITS BACKGROUND

1.1 Introduction:

Businesses have traditionally defined themselves purely as economic entities maximizing returns for their owners. Today, however, business organizations are being called upon to play a broader role in society. The need for companies to redefine themselves as economic and social entities is embodied in the concept of corporate social responsibility whereby companies are increasingly being called upon to be good corporate citizens in the Communities in which they conduct their business operations. This important view is strengthened by what is called the triple bottom line, that is, the obligation on companies to care for three distinct dimensions which are: the financial health of the company and the need to increase stakeholders' wealth, the safety of workers and products, the well being of the natural and social environment in which companies operate (Mak'ochieng, 2003)

Corporate social responsibility (CSR) is viewed as a comprehensive set of policies, practices, and programs that are integrated into business operations, supply chains, and decision-making processes throughout the company and usually include issues related to business ethics, community investment, environmental concerns, governance, human rights, the marketplace as well as the workplace. (Wildfeir-Field, 2008)

Rating agencies like Kinder Lynden burg Domini (KLD) and Ethical Investment Research Service (EIRIS) have come up with large lists of issues they consider as CSR activities such as charitable giving, relations with indigenous people, the compensation of top management, employment of women, minorities and disabled, the retirement benefit program, the firm's liabilities for hazardous waste, use of recycled materials and alternative fuels, etc (Dam, 2006). Also many corporate activities that further social welfare are mandated by law, such as equal employment opportunity and medical leave (Barnett, 2005).

Each company differs in how it implements corporate social responsibility. The differences depend on such factors as the specific company's size, the particular industry

involved, the firm's business culture, stakeholder demands, and how historically progressive the company is engaging in CSR. For successful implementation, it is crucial that the CSR principles are part of the corporations values and strategic planning, and that both management and employees are committed to them. Furthermore, it is important that the CSR strategy is aligned with the company's specific corporate objectives and core competencies (Tsoutsoura, 2004)

So, does CSR build or destroy corporate wealth? Should corporations worry about their social impact? Or should they just go for profits and trust that everything else will fall into place?

From an economic perspective, companies would be expected to engage in such activities if the perceived (measured or unmeasured) benefits exceeded the associated costs in the view of the decision-making entity. Recent theories of CSR conjecture that companies engage in "profit-maximizing" CSR, based on anticipated benefits from these actions. Examples of such benefits might include reputation enhancement, the potential to charge a premium price for its product(s), or the enhanced ability to recruit and retain high quality workers. (Paul & Siegel, 2006)

Corporate social responsibility is now widely accepted as a major contributor to company profitability. Profitability is defined as the ability of a firm to generate profit. Most of the empirical researches examining CSR and financial performance or profitability suggest a positive relationship. There have been a number of well-cited references such as (Cochran and Wood, 1984; Margolis and Walsh, 2003) and the meta-analyses by (Orlitzky, Schmidt, and Reynes, 2003) providing a thorough examination of empirical research that extends over five decades. Despite the quantity of empirical studies and the academic rigor applied in comprehensive reviews of this literature, the relationship between CSR and financial performance is far from clear. Financial performance is typically defined in such studies in terms of either (short- or long-run) stock prices or accounting profitability (e.g., return on equity, return on asset, return on investment, or net profit margin) .(May, 2006)

This study aims to explore the reality of applying social responsibility in listed companies in Palestine securities exchange (PSE) and its relationship to profitability. These companies were chosen according to their importance and role in the Palestinian

economy, besides that the application of corporate social responsibility needs huge expenditures and thus huge capital that listed companies in the PSE. The results and recommendations of the study are supposed to better clarify the CSR issue to the target population, help them to identify more opportunities to gain a competitive advantage, increase the trustworthiness of the firm and strengthen relationships with important stakeholders, decrease transaction costs and thus leading to financial gain. Thus, from this angle, one can view CSR as an investment, perhaps with sizeable financial returns, in addition to or despite any benefits that might accrue to society.

2.1 Statement of the problem:

The main problem of this study is to recognize the extent to which listed companies in (PSE) apply corporate social responsibility and explore its relationship to profitability.

To achieve the objectives of the study, the researcher intends to answer the following main question:

To what extent CSR is being applied in listed companies in Palestine securities exchange (PSE) and its relation to profitability?

This leads to the following sub-problems:

1. To what extent CSR is being applied in listed companies in (PSE) mainly in the following fields: responsibility towards workers, environment, marketplace and community?
2. What is the profitability status of the listed companies in (PSE) during the interval (2004-2008)?
3. What is the relationship between being socially responsible and the profitability of the listed companies in (PSE) during the interval (2004-2008) measured by (ROE, ROA, EPS, profit margin and MSP)?
4. Are there any differences in the application of CSR in listed companies in PSE according to the year of establishment, firm size (expressed by firm's capital and number of employees), sector, CSR motive, CSR application in the organization structure, manager's experience, manager's educational level, and Manager's specialization?

3.1 Objectives of the study:

The study aims to achieve one major objective that is to:

Explore the extent of applying corporate social responsibility (CSR) in listed companies in Palestine securities exchange (PSE) and its relation to profitability.

This leads to the following minor objectives:

- 1) Measure the extent to which listed companies in Palestine securities exchange (PSE) apply corporate social responsibility (CSR) in the following fields: responsibility towards workers, environment, marketplace, and community.
- 2) Recognize the profitability status of the listed companies in Palestine Securities Exchange (PSE) during the years (2004-2008), using the profitability indicators (1) return on asset (ROA), (2) return on equity (ROE), (3) earnings per share (EPS), (4) net profit margin, and (5) market share price (MSP).
- 3) Explore the relationship between being socially responsible and the profitability of the listed companies in the (PSE) during the interval (2004-2008), measured by ROA, ROE, net profit margin, EPS, and MSP.
- 4) Explore whether the application of corporate social responsibility differs between the listed companies in PSE due to (1) the year of establishment, (2) firm size expressed by the firm's capital and number of workers, (3) sector, (4) CSR motive, (5) CSR application in the organization structure, (6) manager's experience, (7) manager's educational level, (8) and specialization.

4.1 Significance of the study:

The importance of this study falls into three main categories:

1.4.1 Scientific importance: This study aims to add value to the Palestinian literature specifically in the field of corporate social responsibility, since there are few studies in Palestine concerning this area as far as the researcher is aware. Also this study may be capable at generating further studies in the same field.

2.4.1 Practical implications:

1.2.4.1 Regarding corporate sector: the importance of this study lies in its attempt to find out the relationship between applying corporate social responsibility and the

profitability of listed companies in PSE in an objective manner. The results and recommendations may encourage corporations to identify more opportunities to gain a competitive advantage, increasing the trustworthiness of a firm and strengthen relationships with important stakeholders, decreasing transaction costs and thus leading to financial gain.

2.2..1 Regarding the community: In short, studying corporate social responsibility is important because businesses are part of the wider social system. A local community has a strong impact on the survival of business since business derives some of its inputs like human capital from the community. Likewise, society has the expectation that business will take active steps to assist it to solve some of its social problems. (Mak'ochieng, 2003).When corporations realize the importance of social responsibility to its existence; they will serve communities through adoption of social programs, which will provide social benefits to community members.

5.1 Scope and limitations of the study:

1.5.1 The scope of the study

1.1.5.1 Place scope: This study is limited to the listed companies in PSE that met the following conditions:

- 1 Companies listed before (2004),since the scope of this study extends for five years from (2004-2008)
- 2 Shares haven't been suspended from trade during the interval (2004-2008).
- 3 Only companies in west bank are included; those in Gaza strip have been excluded.

2.1.5.1 Population scope: This study is limited to the managers of all branches of the listed companies in PSE that meet the above conditions.

3.1.5.1 Time scope: This study was carried out in the period between (March,15th 2009-June,1st 2010).

4.1.5.1 Subject scope: The study is limited to the following parts of corporate social responsibility: the (1) ethical, (2) legal and(3) discretionary; the economic part has been excluded. Also only responsibility towards (1) workers,(2) environment,(3) marketplace, and(4) community has been searched. Responsibilities towards investors and government

have been excluded.

2.5.1 Limitations of the study:

This study is determined by the following:

1. The points of views of only branches' managers of the listed companies, due to the difficulty of contacting with top level management represented by general managers ,executives and board of directors. Recommendations and directions by these companies were to contact with their branches in different cities in Palestine.
2. Only listed companies before (2004) and those whose shares haven't been suspended from trade were included, this means (17) company from (41), this was necessary so that the financial information during the last 5 years is available.
3. The lack of the Palestinian literature concerning the field of social responsibility in general, and specifically its relation to profitability.

6.1 Glossary, acronyms and procedural definitions of the study concepts:

1.6.1 Glossary and procedural definition:

1.1.6.1 Corporate social responsibility:

Carroll (1979) has argued that "The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at any given point in time, where:

- 1 Economic: responsibility to produce goods and services that society wants and sell them at a profit
- 2 Legal: obey the law which represents the basic "rules of the game" by which business is expected to function
- 3 Ethical: behaviors and Ethical norms that society expects business to follow which are beyond what is required by the law
- 4 Discretionary: represents voluntary roles

The social responsibility of corporations can be directed to different stakeholders. The literature that was reviewed categorized these stakeholders in different ways, for

example(Nickels, Mchugh,& Mchugh,2007) considered customers, investors, employees and the society at large the stakeholders to whom businesses are responsible. While (Ebert and Griffen, 2007) considered four areas of concern :responsibilities towards the environment, customers, employees and investors. The European commission developed and distributed a survey questionnaire to raise awareness in CSR, it categorized areas of responsibilities to those towards employees, marketplace ,community ,environment and the corporate values. For the purpose of the study the researcher has chosen to define CSR consistent with Carroll (1979),with the economic part being excluded ,and to investigate this social responsibility towards workers, marketplace, community and environment. In other words the researcher's definition of CSR is " *the continuous commitment of business to behave ethically and legally towards workers ,marketplace, community and the natural environment, and contribute in voluntary activities towards them to participate in the economic development and improve the quality of life of the workforce as well as the local community and society at large.*"

2.1.6.1 Responsibility towards workers: Committing an ethical and legal behavior towards workers in addition to participating in voluntary social activities that enhance the social welfare of workers. By law, business can't practice numerous forms of illegal discrimination against people in any facet of the employment relationship, such as discrimination on the gender, origin, or family basis. Also fair salaries, Healthy and safe workplace conditions, equal opportunities for rewards, employment and promotion, providing a comprehensive health insurance, and when terminations or layoffs are necessary treating employees with respect and compassion (Ebert&Griffin, 2007); these activities meet the companies' legal, ethical and social responsibilities.

Voluntary activities, that corporations are free to engage in, such as granting loans, or on account payments, offer scholarships to their superlative children, available transportation, nurseries for working mothers' children, extra health insurance, residential projects, empowering workers in the discussion of critical issues, financing employees - who are getting married, Helping employees to maintain proper job skills by evaluating their performance and training them.

3.1.6.1 Responsibility towards environment: Involves activities that attempt to protect

the natural environment, such as delivery and use of energy (Ebert&Griffin, 2007),Pollution prevention, waste minimization, and recycling (European commission, Accessed: October 28th 2009) conducting educational sessions about environmental issues, awarding distinguished workers in this area, participating in local or global environmental conferences, educating people about environmental issues, cooperating with government to solve environmental issues, and donating to support environmental issues.(Aburshaid,2006)

4.1.6.1 Responsibility towards market place: Market place involves customers, suppliers, and other companies including competitors, responsibility toward marketplace involves activities that meet its social, ethical and legal obligations. (European commission, Accessed: October 28th 2009) including honesty in contracts and dealings, committing fair competition (Alghaby&Alamery,2005),insuring consumer rights, committing its financial obligations on time, providing quality products with fair prices, taking customers' and suppliers' complaints into account, keeping suppliers aware of future schedules, negotiate with them on delivery times and fair prices for both sides, describe its products honestly, labeling them with instructions of use and an address or telephone number to insure feedback or a way customers can contact with the company (Ebert & Griffin, 2007), taking the habits and norms of society into account when advertising, (European commission, Accessed: October 28th 2009),and Providing after-sale service. (Essa, 2009)

5.1.6.1 Responsibility towards community: Involves activities such as charitable donations, sponsoring activities concerning health, culture or sport, supporting institutions concerning minorities such as women, people with special needs, supporting the youth, Offering training opportunities to people from local community, open dialogue with the local community on adverse, controversial or sensitive issues that involve the company, purchase locally, encourage employees to participate in local community activities, contributing in solving social problems such as unemployment, or in disasters, contributing in infrastructure projects, supporting scientific research in universities and colleges, and giving priority to particular groups when employing such as needy people(European commission, Accessed: October 28th 2009)

6.1.6.1 Corporate (corporation): A business that is legally considered an entity separate from its owners and is liable for its owner's debts, owner's liability extends to the limits of their investments. (Ebert & griffin, 2007, P.92)

7.1.6.1 Profitability: The efficiency of a company or industry at generating earnings (Total income minus total expenses; synonymous with profit.). (Profitability, accessed: September 7th 2009)

The measures of profitability that the researcher will use in this study include accounting-based and market-based indicators. Accounting-based indicators are the same as those used by (Elyan ,1994) including:

1. Net profit margin

States how much profit the company makes for every dollar of sales. If a company reports that it earned 6% last year, this statistic usually means that its profit was 6% of sales.net profit margin can be calculated as follows:

Net profit margin= net income/net sales = -----%

A relatively high profit margin is obviously desirable .This ratio gives a measure of net income dollars generated by each dollar of sales. And both terms of the equation come from the income statement. (Peavler, accessed: March 6th 2009).

Net profit margin for each year of the study years (2004-2008) was calculated then the average was retrieved.

2. Return on assets:

(Also called Return on Investment), it measures the efficiency with which the company is managing its investment in assets and using them to generate profit. It measures the amount of profit earned relative to the firm's level of investment in total assets. ROA can be calculated as follows:

Return on asset (ROA) = net income/total assets =-----%

Net Income is taken from the income statement and the total asset is taken from the balance sheet. The higher the percentage, the better, because that means the company is doing a good job using its assets to generate sales. (Peavler, accessed: March 6th 2009)

Return on asset for each year of the study years (2004-2008) was calculated then the average was retrieved.

3. Return on equity:

The return on total equity measures the return to both common and preferred stockholders; it measures profitability related to ownership. (Connexions, 2009). This ratio is perhaps the most important of all the financial ratios to investors in the company. It measures the return on the money the investors have put into the company. This is the ratio potential investors look at when deciding whether or not to invest in the company. It can be calculated as follows:

$$\text{ROE} = \frac{\text{Net Income}}{\text{Stockholder's Equity}} = \text{_____} \%$$

Net income comes from the income statement and stockholder's equity comes from the balance sheet. In general, the higher the percentage, the better, with some exceptions, as it shows that the company is doing a good job using the investors' money. (Peavler, accessed: March 6th 2009]

Return on equity for each year of the study years (2004-2008) was calculated then their average was retrieved.

4. Earnings per share (EPS):

The net income of a firm divided by the number of its outstanding shares, the shares held by the stockholders. (Business dictionary.com, accessed: April 4th 2009)

$$\text{EPS} = \frac{\text{net income}}{\text{Number of shares outstanding}}$$

Earnings per share for each year of the study years (2004-2008) were calculated then the average was retrieved.

Market –based indicators are also used in this study as many previous studies such as (Soana, 2005; Webb & Nelling, 2006) including:

5. Market share price:

Is the market price of a unit of ownership in a company, or how much this unit of ownership is sold at market (Accounting glossary, Accessed: January 15th 2010)

Percentage change in market share price during the interval (2004-2008) was calculated as follows:

$$\text{Percentage change in MSP} = \frac{\text{Average MSP (2004-2008)} - \text{MSP (2004)}}{\text{MSP (2004)}} * 100\%$$

8.1.6.1 Palestine securities exchange (PSE): Palestine Securities Exchange (PSE) was

established in 1996 as a private shareholding company in Nablus city and held its first trading session on the 18th of February 1997. The PSE has become a public shareholding company as on February 2010 responding to principles of transparency and good governance. The PSE operates under the supervision of the Palestinian Capital Market Authority and in accordance with the Securities Law No. (12) 2004 and its bylaws, in addition to modern regulations, which form a strong basis that ensure a fair trading environment. The PSE strives to provide a market for trading securities and financial instruments that is characterized by equity, transparency and competence, serving and maintaining the interest of investors. Today, the PSE has (41) listed companies across five main economic sectors; banking, insurance, investments, industry, and services. Its common values are: good governance, transparency, efficiency, fairness & equal opportunity. (PSE, 2010)

2.6.1 Acronyms:

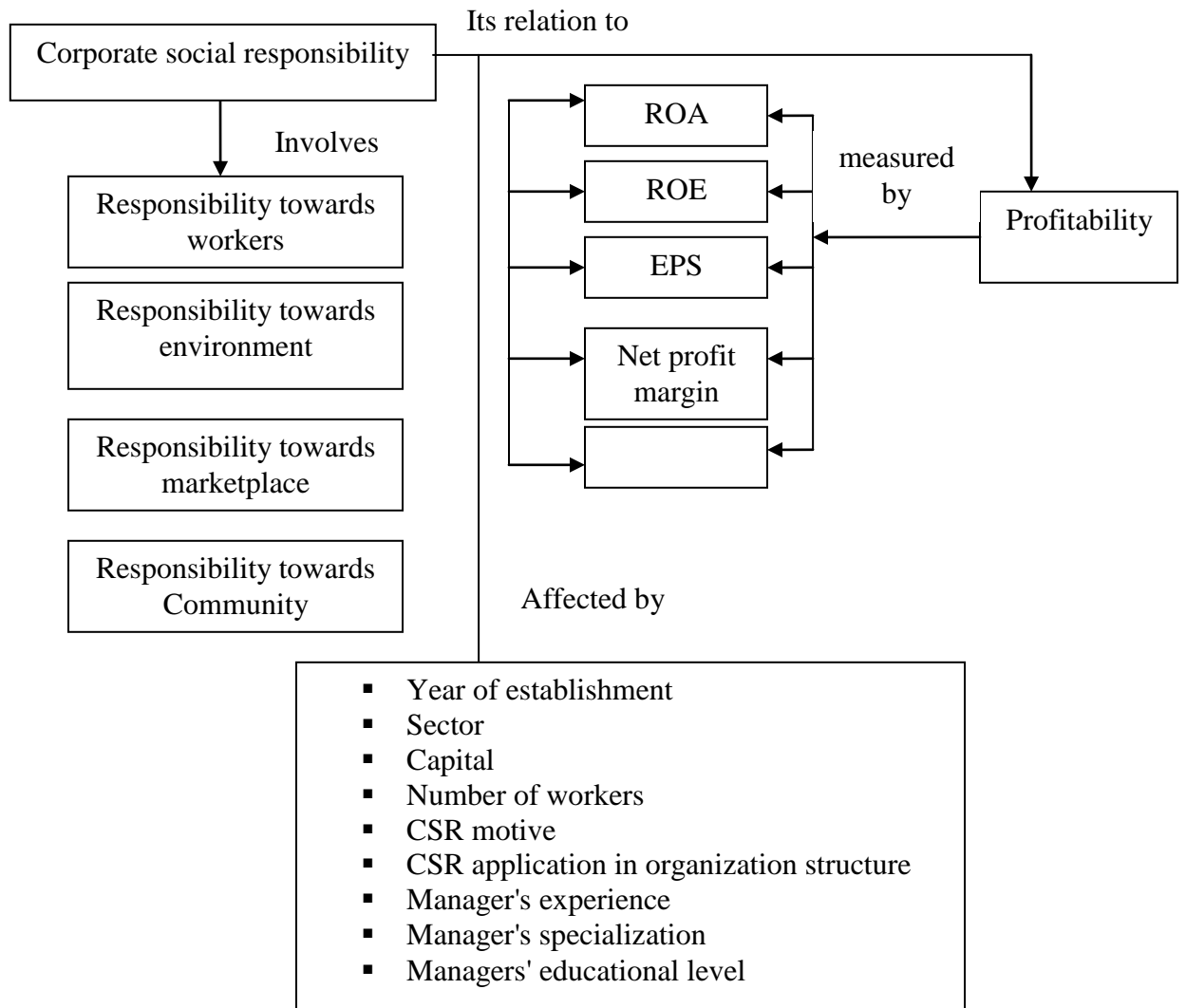
CEO	: Chief Executive Officer
EIRIS	: Ethical Investment Research Service
EPS	: Earnings Per Share
FTSE4	: Financial Times Stock Exchange
GAAP	: Generally Accepted Accounting Principles
KLD	: Kinder Lynden burg Domini
MSP	: Market Share Price
MMI	: Medicus Mundi International
NGO	: Nongovernmental Organizations
PSE	: Palestine Securities Exchange
ROE	: Return On Equity
ROA	: Return On Asset
ROI	: Return On Investment
ROCE	: Return On Capital Employed

7.1 The study model:

The relationship between the study variables can be represented by the following model, in which corporate social responsibility is the independent variable and profitability is the

dependent one. See figure (1.1)

Figure (1.1)
The study model



CHAPTER TWO

THEORITICAL FRAMEWORK AND RELATED LITERATURE REVIEW

1.2 Theoretical framework

1.1.2 Corporate social responsibility

2.1.2 Profitability

3.1.2 Corporations

2.2 Related Literature review

1.2.2 Arabic studies

2.2.2 Foreign studies

3.2 Discussion of literature review and its relation to this study

4.2 What distinguishes this study from previous studies?

CHAPTER TWO

THEORITICAL FRAMEWORK AND RELATED LITERATURE REVIEW

This chapter consists of two parts; the first is a theoretical framework concerning the study variables, while the second involves review of related literature and studies.

1.2 Theoretical framework

1.1.2 Corporate social responsibility

1.1.1.2 Meaning of corporate social responsibility:

The meaning of social responsibility in business is ambiguous. While there is no universally accepted definition of corporate social responsibility, it is usually described in terms of a company considering, managing and balancing the economic, social and environmental impacts of its activities. (Brine, Brown, & Hackett, 2007)

Mak'ochieng (2003) has quoted the definition of Carroll(1979) who provided the most widely accepted four-part modern definition of corporate social responsibility and he has modified it over the years. According to Carroll “The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at any given point in time”. Where the:

Economic responsibility: is the responsibility to produce goods and services that society wants and to sell them at a profit.

Legal responsibility: The law represents the basic “rules of the game” by which business is expected to function. Society expects business to fulfill its economic mission within the framework of legal requirements set forth by the society’s legal system.

Ethical responsibility: represents the kinds of behaviors and Ethical norms that society expects business to follow. These extend to Behaviors and practices that are beyond what is required by the law.

Discretionary (philanthropy): These represent voluntary roles that business assumes but for which society does not provide as clear-cut an explanation as it does for Ethical responsibility. (Mak'ochieng, 2003)

The World Business Council for Sustainable Development in its publication "Making Good Business Sense" by Lord Holme and Richard Watts used the following definition. "*Corporate Social Responsibility* is the continuing commitment by business to behave

ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large. (Holme&Watts, 2009)

The CSR definition used by **Business for Social Responsibility (2002)** is: "Operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business."

The **European Commission** defined CSR as "A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis."(European Commission, 2002, P.3)

While **Heal's (2004)** definition of corporate social responsibility: "Corporate social responsibility involves taking actions which reduce the extent of externalized costs or avoid distributional conflicts."(Heal, 2004, P.12)

2.1.1.2 Components of corporate social responsibility:

Carroll (1991) has suggested that corporate social responsibilities consist of four main responsibilities; these components are expressed in table (1.2).

Carroll (1991) has also arranged these components in a pyramid beginning with the basic building block notion that economic performance undergirds all else. At the same time business is expected to obey the law because the law is society's codification of acceptable and unacceptable behavior. next is the business's responsibility to be ethical at its most fundamental level, this is the obligation to do what is right, just and fair to avoid or minimize harm to stakeholders (employees, consumers the environment and others).Finally business is expected to be a good corporate citizen this is captured in the philanthropic responsibility wherein business is expected to contribute financial and human resources to the community and improve the quality of life.

In sum ,the total corporate social responsibility of business entails the simultaneous fulfillment of the firm's economic, legal, ethical and philanthropic responsibilities, stated in more pragmatic and managerial terms, the CSR firm should strive to make profit, obey the law, be ethical and a good corporate citizen

Table (1.2)

Components of corporate social responsibility

Economic component	Legal component	Ethical component	Discretionary component
It is important to perform in a manner consistent with maximizing earnings per share	It is important to perform in a manner consistent with expectations of government and law	It is important to perform in a manner consistent with expectations of societal mores and ethical norms	It is important to perform in a manner consistent with the philanthropic and charitable expectations of society
It is important to be committed to beings profitable as possible	It is important to comply with various federal ,state and local regulations	It is important to recognize and respect new or evolving/moral norms adopted by society	it is important to assist the fine and performing arts
it is important to maintain a strong competitive position	It is important to be a law –abiding corporate citizen	It is important to prevent ethical norms from being compromised to achieve the corporate goals	it is important that managers and employees participate in voluntary and charitable activities within their local communities
It is important to maintain high level of operating efficiency	It is important that a successful firm be defined as one that fulfills its legal obligations	It is important that good corporate citizenship be defined as doing what is expected morally or ethically	it is important to provide assistance to private and public educational institutions
It is important that a successful firm be defined as one that is consistently profitable	It is important to provide goods and services that at least meet the minimum legal requirements	It is important to recognize that corporate integrity and ethical behavior go beyond mere compliance with laws and regulations	It is important to assist voluntarily those projects that enhance a community' s "quality of life"

Source: Carroll (1991)

<http://www.cba.ua.edu/~aturner/MGT341/MGT341%20Readings/Pyramid.pdf> [last accessed 10th September, 2009]

3.1.1.2 The Role of Business in Society:

The relationship between the corporate sector and society has become more complex, or at least the complexities are becoming more recognized. (Mak'ochieng, 2003).

Birch (2003) quoted from Frederick, Davis and Post (1988) their argument that a business is an integral part of the society in which it operates and as such it is vitally important for business managers to be aware of the social environment and to interact with it skillfully and carefully. Business operations occur in a complex social environment and businesses have a social and moral obligation to take care of the society in which they operate. If a business fails to take care of its social environment, its long - term survival may be jeopardized. The company (or organization) needs to change in response to a changing world, while simultaneously preserving its core values and purpose. Business needs mechanisms of forward progress, experimentation and entrepreneurship, or continuous self improvement. It needs to create consistent alignment to preserve its core values and purpose and stimulate progress. Above all it needs resiliency and an ability to bounce back from adversity. (Birch, 2003)

Many large companies around the world are beginning to recognize that legitimacy in society is an active responsibility not a passive one, and that commercial success will increasingly favors the community-based, stakeholder-inclusive companies .in the twenty first century businesses have a role to be socially responsible in society for two main reasons: firstly, a business system in general and the corporation in particular are creations of society and are enfranchised to function by society; secondly, although the business system and its constituent institutions are primarily oriented towards economic goals, the pursuit of economic goals inevitably generates a variety of social effects. (Mak'ochieng, 2003).

May (2006) has explained this by quoting Shocker & Sethi (1973): “Any social institution, and business is no exception, operates in society via a social contract, expressed or implied, whereby its survival and growth are based on: (1) the delivery of some socially desirable ends to society in general, and (2) the distribution of economic, social or political benefits to groups from which it derives its power. In a dynamic society, neither the sources of institutional power, nor the needs of its services are permanent. Therefore, an institution must continually meet the twin needs of legitimizing

and relevance by demonstrating that society requires its services and that the groups' benefiting from its rewards has society's approval.”(May, 2006, P.17)

For these reasons, it is inevitable and proper that society should call for businesses to be more socially accountable and evaluate their corporate performance more broadly. (Mak'ochieng, 2003)

Companies need to answer two aspects of their operations. 1. The quality of their management both in terms of people and processes, see business in society (figure 1.2), the inner circle) 2. The nature and quantity of their impact on society in the various areas. (Baker, 2009)

Outside stakeholders are taking an increasing interest in the activity of the company(See figure1.2: the outer circle) what the company has actually done, good or bad, in terms of its products and services, in terms of its impact on the environment and on local communities, or in how it treats and develops its workforce. (Baker, 2009)

Figure1.2: Business in society



Source: Baker (2009): <http://www.mallenbaker.net/csr/definition.php>[Last accessed on 1st September, 2009]

The long-run interests of business in a reasonably open, flexible, and pluralist society are better served when business organizations are perceived to adopt an activist posture

towards society's problems and discontents than when they are perceived to behave negatively or with indifference. More people - individuals and groups - are "calling on business to be more economically, environmentally and socially sustainable; to be accountable and transparent; to be inclusive, to be ethical and more equitable. (Mak'ochieng, 2003)

That prosperity for all mankind in the future paradoxically lies in business broadening its citizenship role and becoming a more conscious and involved social participant. The challenge for business, therefore, is to find ways of playing its proper role in society according to the demands of the social will. This is where corporate social responsibility comes in: it looks at the proper role and impact of business in modern society and decides whether businesses should just exist to maximize profit or whether they have other functions in society apart from employing people, making profit, paying taxes and obeying laws and regulations. It would appear as though the debate about the proper role of business in the modern society has evolved into two opposing view points. At one end is the view that the sole responsibility of business in society is to produce economic goods in response to economic motivation and to maximize the interests of shareholders. At the other extreme those who hold this view argue that a business organization has other broader responsibilities to play in the society apart from just maximizing returns for its owners. (Mak'ochieng, 2003)

4.1.1.2 Other Areas of corporate social responsibility:

In addition to areas of responsibility mentioned in chapter one, which are responsibility towards workers, environment, marketplace and community) there are other areas of social responsibility the current study doesn't include that a firm can engage in, such as:

1. Responsibility towards investors (owners or shareholders)

Because shareholders are the owners of a company, it may sound odd to say that a firm can act irresponsibly toward its investors, but managers can abuse their responsibilities to investors in several ways. As a rule, irresponsible behavior toward shareholders means abuse of a firm's financial resources. In such cases, the ultimate losses are indeed the shareholder-owners who do not receive their due earnings or dividends.

Aspects of being irresponsible toward shareholders may involve:

- Misrepresenting of finances: Certain behaviors regarding financial representation are illegal. In maintaining and reporting its financial status, every corporation must conform to generally accepted accounting principles (GAAP). Sometimes, unethical managers project profits far in excess of what they actually expect to earn; others go so far to hide losses or expenses in order to boost paper profits. They may also slant their financial reports so as to make their firm seem much stronger than is really the case.
- Improper financial management: organizations or their officers are guilty of blatant financial mismanagement, offenses that are unethical but not necessarily illegal, for example paying excessive salaries to senior managers.
- Insider trading: illegal practice of using special knowledge about a firm for profit or gain. When someone uses confidential information to gain from the purchase or sale of stocks. (Ebert & Griffin, 2007)

Managers should work to maximize profit as much as possible, maximize share and firm value, increase sales, enhance the reputation and image of the corporation, and protecting the firm's assets. (Alghalby & Alamery, 2008)

2. Responsibility towards government

According to Abu Rshaid (2006) Aspects of responsibility toward government may involve:

- Paying taxes on time and according to rules.
- Cooperating with government in its attempts to improve areas of scientific researches.
- Reinforcing the reputation of the country and government when dealing with other countries.
- Respecting the civil rights of everybody without any discrimination for any reason
- Reinforcing the government's efforts in dealing with social illnesses such as unemployment
- Contributing in solving social, economic and cultural problems hand in hand with government
- Helping the government in training and qualifying individuals in the community

3. Responsibility to the development of nation

If companies are involved in international businesses, they must contribute their effort towards development of their country by earning foreign currency, earning goodwill and reputation in global market, make good relationships among nations (Paliwal, 2006)

5.1.1.2 Motives for engaging in corporate social responsibility (CSR):

As we all know, adopting the CSR principles involves costs. These costs might be short term in nature or continuous outflows. These costs might involve the purchase of new environmentally friendly equipment, the change of management structures, or the implementation of stricter quality controls. Since being socially responsible involves costs, it should generate benefits as well in order to be a sustainable business practice. (Tsoutsoura, 2004)

A corporation could not continue a policy that constantly generates negative cash flows. The shareholders invest their money in a corporation, expecting the highest possible risk adjusted return. Therefore, being socially responsible should have bottom-line benefits in order to be sustainable. Socially responsible corporate performance can be associated with a series of bottom-line benefits. But in many cases, it seems that the time frame of the costs and Benefits can be out of alignment, the costs are immediate, and the benefits are not often realized quarterly (Tsoutsoura, 2004)

According to the literature reviewed by the researcher, she has noticed that different headlines refer to the same context .some researchers called them drivers, or reasons, others called them motives or even benefits, whatever they are called, they all almost agree on the same reasons for why corporations should engage in CSR.The researcher has summarized the efforts of previous researchers in the following points:

1. Profit

Is a key motive to engage in CSR, The firm exists for profit maximization. With this in mind, the chief motive for a firm to engage in CSR will be as a mean of making profits, for example by improving its image or attracting new markets. (Curran, 2005) There is also increasing evidence that socially responsible business practices can actually increase profits (Kotler & Lee, 2005)

2. Image and reputation

Corporate social responsibility offers a mean by which companies can manage and influence the attitudes and perceptions of their stakeholders, building their trust and enabling the benefits of positive relationships to deliver business advantage. (Brine, Brown, & Hackett, 2007)

For example Starbucks, in a competitive and image-conscious market, has found it worthwhile to invest in avoiding conflicts that could damage its reputation, and in publicizing its links with Conservation International. Specifically, Starbucks has made a substantial investment in sourcing coffee from growers with an environmentally friendly profile, in association with the NGO Conservation International, and has recently agreed to purchase coffee through the Fair Trade NGO, which guarantees that the prices paid to growers are in excess of world prices and provide a reasonable living standard. Starbucks is therefore taking preemptive action on both the possible sources of conflict with society. (Heal, 2004)

3. Altruism

Is another motive, it is no longer disputed that altruism exists, though it is still difficult to demonstrate that firms engage in it. For example, although firms donate money and services to charity, this may be altruistic, or for tax breaks, or to appeal to consumers. (Curran, 2005)

4. Better environment to operate

when an organization improve the quality of life of customers, integrate private good and public good, and concentrate on solving a particular problem of the society, it will automatically solve its own problems and operate in better environment .CSR contribute to the development of a "healthier" community (e.g. through a better qualified workforce or a reduction in the level of crime), thus creating a more favorable business environment. (Paliwal, 2006).

5. Government laws and regulations

Sometimes the government laws and regulations force the business organization to behave in socially responsible manner to survive in long run (Paliwal, 2006).The UK is one of the few countries with a minister responsible for CSR. This minister is responsible for the implementation of the government aims to raise awareness of CSR, to use public

policies to provide guidance, promote consensus on UK and international codes of practice and promote a framework for social and environmental reporting and labeling. (Curran, 2005)

6. Long -term survival:

According to Paliwal (2006) if an organization wants to survive in the long run, it has to establish a loyal brand of customers, repeat customers etc .Suppose if they do harm to the society by their irresponsible conducts, society will not allow them to exist in the future.

7. Employee recruitment, motivation and retention

Companies continually search for ways to find talented employees and employees are looking beyond paychecks for company values that match their own (Kotler &lee, 2005). People seek to work for good Companies, companies they can be proud of. They do not like having to justify or excuse their companies to their friends and families (Heal, 2004). Recent surveys indicate that corporate social responsibility is increasingly an important factor in attracting and retaining a talented and diverse workforce .Companies that account for the interests of their employees by offering good working conditions will achieve better performance in terms of quality and delivery, and, therefore, experience higher levels of productivity. (Brine et al., 2007)

8. Learning and innovation

Learning and innovation are critical to the long-term survival of any business. Corporate social responsibility can be a vehicle for business to respond to environmental and societal risks and turn these into business opportunities. (Brine et al., 2007)

9. Risk profile and risk management

Corporate social responsibility offers more effective management of risk, helping companies to reduce avoidable losses, identify new emerging issues and use positions of leadership as means to gain competitive advantage. (Brine et al., 2007)

The cost of conflicts with other groups in society, especially aggressive non-governmental organizations (NGOs), can be very high, such conflicts can depress earnings and share prices and give competitors an opportunity to seize market share. (Heal, 2004).

Companies that adopt the CSR principles are more transparent and have less risk of

bribery and corruption. In addition, they may implement stricter and, thus, more costly quality and environmental controls, but they run less risk of having to recall defective product lines and pay heavy fines for excessive polluting. They also have less risk of negative social events which damage their reputation and cost millions of dollars in information and advertising campaigns. (Tsoutsoura, 2004)

10. Competitiveness and market positioning

More buying options in a global marketplace means consumers and investors have greater choice in where they choose to do business (Kotler & Lee, 2005). Corporate social responsibility branding can draw consumers away from competitors and thereby improve profitability. (Brine et al., 2007)

11. Preempting future regulations

Analogous to staying ahead of the competition, firms might want to stay ahead of the government. Regulations are not static and firms might have strategic reasons to preempt the introduction of new government regulation. In a model of voluntary pollution control, an increased threat of government regulation induces firms to voluntarily reduce emissions before the new laws are actually passed. In their model, they show that without voluntary control, the new regulation laws will potentially be stricter. Firms therefore have an incentive to self-regulate (Dam, 2008).

12. Liability management

Corporate social responsibility can be seen as a way to avoid environmental scandals, consumer boycotts, or law suits one of the reasons for consumer boycotts is dissatisfaction with corporate policy after receiving information on how goods are produced. (Dam, 2008)

13. Vertical product differentiation

Corporate social responsibility can be a form of vertical product differentiation. In marketing, product differentiation refers to the alteration of a product to make it more attractive to the target market. (Dam, 2008) showed that a sufficiently large group of consumers is willing to pay a bit extra for a product, if it has been produced in an

environmental friendly way.

14. Improving stakeholder relationships

Good stakeholder relationships can serve as social credit thereby facilitating business operations. (Dam, 2008).

15. Lowering the cost of capital

Some shareholders do not merely care about cash flows, but also about how these cash-flows are generated .when they choose their portfolio they will take into account the company scores on issues of CSR determined by Rating agencies like Kinder Lyden burg Domini (KLD).socially responsible investors are implicitly willing to accept a lower rate of return. (Dam, 2008)

16. Operational efficiency

Corporate social responsibility can offer opportunities to reduce present and future costs to the business thereby increasing operational efficiency. (Brine et al., 2007) For example, reducing packaging material or planning the optimum route for delivery trucks not only reduces the environmental impact of a company's operation, but it also reduces the cost. Also adopting CSR lead to reduced turnover, recruitment, and training costs. (Tsoutsoura, 2004).Many companies are just not seeing the savings available from better management of materials and processes, perhaps because these in many cases are non-cash costs. (Heal, 2004)

6.1.1.2 Models of corporate social responsibility:

Many researchers have identified several models of CSR; these models specify either stages of or approaches to CSR such as Zadek (2004), Burton & Thakur cited in Paliwal (2006), Ebert & griffin (2007) and Ackerman's model, only one will be explained in this study:

1. Zadek's five stages of CSR:

Zadek (2004) identified five stages of corporate social responsibility, the defensive, compliance, managerial, strategic advantage, and civil stages as follows:

- Defensive stage: the company faces a high degree of criticism from a number of stakeholders such as stockholders, customers, or employees. The corporation's communication department responds to their concerns by rejecting the allegations and

/or denying the link between the company and the negative consequences of their business or its products or services. At this stage there is only one bottom line-financial profit effectively the company focuses on the bottom line and doesn't recognize CSR as a mean to be more profitable. They tend to follow laws and generally accepted business practices but do not see a role for corporations at the civil society table.

- Compliance stage: visible attempts are made to build reputation and prevent law suits. CSR is seen as a cost of doing business. The primary objective is to comply (usually visibly) with the agreements made with critics. They will ensure that they did what they agreed to do but usually do so in order to avoid litigation and to protect the company's reputation.
- The managerial stage: it becomes increasingly cognizant that its attempts must be commitments to ensure that all stakeholders are treated ethically. Accompany begins to recognize that long-term problems require more than public relations strategies. The company will have to give managers of the core business responsibility for the problem and its solution .solutions for questionable business practices become an issue for all mangers throughout the organization. For example, changes in compensation, managing inventory, supplier relations, and practices of partner organizations must be made throughout the system and across borders the organization and its management starts to believe that a healthy society is also good for business.
- The strategic advantage stage: reveals to the company that its ethical practices yield greater profits through customer commitment, employee loyalty, or environmentally sustainable practices.
- The civil stage: is when a company wants to make sure everybody does it. CSR innovators lobby all businesses in the industry to adopt a CSR program (Zadek,2004)

7.1.1.2 Argument against and for CSR:

1.7.1.1.2 Major arguments for CSR:

There are several arguments for CSR such as:

- 1 It is in the best interest of the business to promote and improve the communities

- around the business
- 2 Social actions can be profitable
 - 3 It is the ethical thing to do
 - 4 It increases the viability of the business system
 - 5 It is necessary to minimize government regulation
 - 6 Socio-cultural norms require it
 - 7 Laws cannot be passed to satisfy every need ,therefore business must contribute to societal responsibilities
 - 8 Promotes long-term profits, the stock market will view the company as less risky and open to public attack
 - 9 Promote long-term economic lifting .(May, 2006)
 - 10 Society has revised its expectations for business institutions .(Mak'ochieng, 2003)
 - 11 Shifting balance of power: economic power has shifted to the corporations; they, therefore, should have an increasing role in and responsibility for addressing social problems. For example, the government sets the regulations and the minimum standards for the workplace, but a company can further improve the work environment and the quality of living of its employees. A firm cannot ignore the problems of the environment in which it operates. The poverty of a nation's citizens, political unrest, and the exhaustion of natural resources can have destructive effects for a corporation. (Baker, 2009)
 - 12 The business and its surrounding environment depend on each other for their long-term survival this mutual interdependence between business and society places a responsibility on business to exercise care and social concern to its external environment when conducting its business operations. Many people say that, if business depends on the resources in society in order to function, then it must also actively take part in responding to society's concerns with regard to solving social problems (Mak'ochieng, 2003)
 - 13 Corporations exist and act by permission of society at large and/or of the state. Corporations are obliged to consider all possible "constituents" or stakeholders because they make up society at large. These constituents were the ones who gave corporations permission to do business in the first place and thus it is they to

whom corporations are obligated.(Curran, 2005)

- 14 Firms have a duty to all their stakeholders, not just to their shareholders. It is in the interest of firms to be responsible to all stakeholders: good labor relations means lower staff turnover, good environmental stewardship means less fines and litigation. (Curran, 2005)
- 15 An organization's unique combination of human, organizational and physical resources and capabilities will underpin its sustainable competitive advantage and thus predict financial performance. Resources and capabilities that are intangible and difficult to replicate are more likely to result in a sustainable competitive advantage that is relationships with all stakeholders, including non-market or sociopolitical stakeholders, may constitute a sustainable competitive advantage, and thus affect organizational performance. For example, favorable employees relationships help reduce turnover and increase commitment; quality products and fair pricing contribute to customer loyalty; and favorable community relations allow organizations to contribute to local planning and problem solving. Stakeholder relationships, therefore, can be viewed as an intangible and difficult to replicate resource providing the organization with a sustainable competitive advantage. (Neville, 2005)

2.7.1.1.2 Major arguments against CSR:

Major arguments against CSR include:

- 1 It violates pure profit maximization, (Curran, 2005) as Friedman (1970) put it: *“There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, Which is to say, engages in open and free competition, without deception or fraud”*
- 2 The cost of social responsibility is too high and would increase prices too much.
- 3 Business may lack social skills to solve social problems.
- 4 It would dilute more retrospective purposes of business.
- 5 It would weaken national balance of payments because the price of food

would need to go up to pay for social programs.

- 6 Business already has too much power; such involvement would make business more powerful.
- 7 Business and government equal monolith, a more pluralistic position would be preferred.
- 8 Social actions are difficult to measure.(May, 2006)
- 9 Business could treat their CSR activities as moral substitutes to compensate for other irresponsible activities.(Sachs, Maurer, Ru'hli, & Hoffmann, 2006)

8.1.1.2 Determinants of corporate social responsibility:

Campbell (2007) offers an institutional theory of CSR consisting of a series of propositions specifying the conditions under which corporations are likely to behave in socially responsible ways:

1. Financial Performance and Economic Environment

Corporations will be less likely to act in socially responsible ways where they are currently experiencing relatively weak financial performance, since firms that are less profitable have fewer resources to spare for socially responsible activities than firms that are more profitable

As to the economic environment, Campbell (2007) also proposes that Corporations will be less likely to act in socially responsible ways where they are operating in a relatively unhealthy economic environment where the possibility for near-term profitability is limited., For instance, when inflation is high, productivity growth is low, consumer confidence is weak, it appears that it will be relatively difficult for firms to turn a healthy profit in the near term, and then they will be less likely to behave in socially responsible ways

2. Competition

Corporations will be less likely to act in socially responsible ways if there is either too much, or too little competition. In situations where competition is extremely intense, corporations will act in social irresponsible ways to save money since their profit margins

are narrow enough to put shareholders value at risk .At the other extreme, in situations where competition is nil, a corporation may have little interest in using philanthropy to enhance its competitive advantage to improve its long-term financial performance, since its stakeholders, e.g., customers or suppliers, have few alternatives.

3. Law Environment

Corporations will be more likely to act in socially responsible ways if there are strong and well enforced state regulations in place to ensure such behavior, particularly if the process by which these regulations and enforcement capacities were developed was based on negotiation and consensus building among corporations, government, and the other relevant stakeholders.

4. Private Regulation and the Presence of Independent Organizations

Corporations will be more likely to act in socially responsible ways if there is a system of well-organized and effective industrial self-regulation in place to ensure such behavior, particularly if it is based on the perceived threat of state intervention or broader industrial crisis, and if the state provides support for this form of industrial governance, Corporations also will be more likely to act in socially responsible ways if there are private, independent organizations, including NGOs, social movement organizations, institutional investors, and the press, in their environment who monitor their behavior and, when necessary, mobilize to change it.

5. Business Education Environment

Corporations will be more likely to act in socially responsible ways if they operate in an environment where normative calls for such behavior are institutionalized in, for example, important business publications, business school curricula, and other educational venues in which corporate managers participate.

6. Labor-Employer Relation

Corporations will be more likely to act in socially responsible ways if they belong to trade or employers' associations, but only if these associations are organized in ways that promote socially responsible behavior, Corporations also will be more likely to act in socially responsible ways if they are engaged in institutionalized dialogue with unions, employees, community groups, investors, and other stakeholders

2.1.2 Profitability:

Profitability definition and indicators:

1.2.1.2 Profitability definition:

Profitability is the Ability of a firm to generate net income on a consistent basis. It is often measured by price to earnings ratio. (Profit, n.d.)

Every firm is most concerned with its profitability. One of the most frequently used tools of financial ratio analysis is profitability ratios which are used to determine the company's bottom line. (Peavler, n.d.)

Profit is the making of gain in business activity for the benefit of the owners of the business, and is defined in two different ways, one for economics and one for accounting. (Profit, accessed: September 7th 2009)

1 Accounting profit is the difference between price and the costs of bringing to market whatever it is that is accounted as an enterprise (whether by harvest, extraction, manufacture, or purchase) in terms of the component costs of delivered goods and/or services and any operating or other expenses. (Profit accounting, accessed: September 7th 2009]

2 Economic profit is the difference between a company's total revenue and its opportunity costs it is the increase in wealth that an investor has from making an investment, taking into consideration all costs associated with that investment including the opportunity cost of capital. (Profit economic, accessed: September 7th 2009]

Analysis of profitability is of vital concern to stockholders since they derive revenue in the form of dividends. Further increased profits can cause a rise in market price, leading to capital gains. Profits are also important to creditors because profits are one source of funds for debt coverage. Management uses profit as a performance measure. (Gibson,

2007)

2.2.1.2 Measuring Profitability:

Profitability measures are important to company managers and owners alike. If a small business has outside investors who have put their own money into the company, the primary owner certainly has to show profitability to those equity investors.

Profitability ratios show a company's overall efficiency and performance. According to (Peavler, accessed: March 6th 2009)

These ratios can be divided into two types: margins and returns. Ratios that show margins represent the firm's ability to translate sales dollars into profits at various stages of measurement. Ratios that show returns represent the firm's ability to measure the overall efficiency of the firm in generating returns for its shareholders.

Chapter one includes details about some measures of profitability that will be used in this study.

3.1.2 Corporations:

1.3.1.2 The corporate entity:

The corporation is the dominant form of business enterprise in the modern world. Those that are not corporations will normally be small businesses involving a single working proprietor or few people in partnership.(Chryssides&Kaler,1993)

It is this separateness from people which defines corporate status

Corporation can be defined as: business that is regarded as a distinct entity in its own right, separate from all or any of the people associated with it. Having this status means that the courts will recognize the business as possessing legal rights and duties in much the same way as an individual human being. It is regarded as something which of itself, can enter into contracts, own and dispose of property, incur and be owed debts, inflict and suffer damage, sue and be sued, be victim and perpetrator of crimes and so on. (Chryssides&Kaler,1993)

The process of becoming a corporation, called incorporation, gives the company separate legal standing from its owners and protects those owners from being personally liable in the event that the company is sued (a condition known as limited liability). Incorporation also provides companies with a more flexible way to manage their ownership structure.

(Investor words, accessed: October 20th 2009)

2.3.1.2 Publicly-held Corporation:

A company issuing stocks traded on the open market, either on a stock exchange or on the over-the-counter market. Individual and institutional shareholders constitute the owners of a public company, in proportion to the amount of stock they own as a percentage of all outstanding stock. Thus, shareholders have final say in all decisions taken by a public company and its managers, especially through its annual shareholders' meeting. Public companies have greater access to financing than other companies, as they have the ability to issue more stock. However, they are subject to greater regulation: for example, they must file reports with the Securities and exchange on their earnings and they are more likely to be subject to corporate taxes. A public company is also called a publicly-traded company. (Farlex Financial Dictionary, 2009)

3.3.1.2 Advantages of corporations:

There were two principal benefits of the corporation, the first is limited liability: which is a legal principle holding investors liable for a firm's debt only to the limits of their personal investments in it. The second benefit is continuity, because it has a legal life independent of founders and owners, a corporation can at least in theory continue forever.(Chryssides & Kaler,1993)

Also Shares of stocks may be sold or passed on to heirs (ease of transformation of ownership) and most corporations also benefit from the continuity of professional management. Finally corporations have advantages in raising money, by selling stock (unlimited resources), they expand the number of investors and the amount of available funds. Continuity and legal status tend to make lenders more willing to grant loans. (Ebert &griffin, 2007)

4.3.1.2 Disadvantages of corporations:

Although a chief attraction is ease of transforming ownership, this same feature can create complications. For example using a legal process called a tender offer –an offer to buy shares made by a prospective buyer directly to corporation's shareholders-a

corporation can be taken over against the will of its managers. Another disadvantage is start-up cost. Corporations are also heavily regulated. The biggest disadvantage of corporations is double taxation-a situation in which taxes may be payable both by a corporation on its profit and by shareholders on dividend income. (Ebert& griffin, 2007)

CHAPTER TWO

2.2 LITERATURE REVIEW

This section attempts to view some important efforts of previous Arab and foreign researchers in the field of corporate social responsibility. This section was divided into Arabic and foreign studies, as follows:

1.2.2 Arabic studies:

1. (Abu Rshaid, 2006): Social responsibility and its impact on performance: an empirical study of private hospitals in Amman:

This study aimed to explore the impact of the adoption of corporate social responsibility on private hospital's performance in Amman (social, environmental, and financial performance), and investigate the reality of applying CSR in these hospitals, and finally to investigate the relationship between social responsibility adoption and relative efficiency of private hospitals in order to understand the operational practices of this relationship to achieve higher performance and efficiency levels and to develop an understanding of the importance of social responsibility. The descriptive approach was used, and a survey questionnaire was targeted to a population of general managers in 34 working private hospital in Amman, the data was analyzed using SPSS program. The findings revealed that hospitals in Amman adopt CSR moderately and that there is a positive relationship between the adoption of CSR and financial performance (measured by ROA, ROE, ROS) and between CSR and hospital's relative efficiency. The researcher has come out with several recommendations; she has recommended that special interested parties should grant companies engaging in CSR different facilities in doing their business to motivate them and others to adopt CSR.

2. (Elyan , 1994): The status of social responsibility of corporations listed in Amman financial market and its impact on performance: an applied study:

This study aims to highlight the status of social responsibility in public share-holding companies registered in Amman financial market since 1985 and during the interval (1985-1991), and whose shares have not been suspended from trade during this interval. By measuring the practice of social activities related to society and its employees. In

addition to its philosophy towards social responsibility in order to determine if there is a significant relationship between social responsibility and financial performance. The study used a three grouped questionnaire. This questionnaire was dispatched to 122 share-holding companies registered in Amman financial market .the study has concluded that the companies contributed to social responsibility activities through their contribution in society oriented activities and its contribution to employees by giving them the extra benefits without the existence of clear philosophy toward the social responsibility. Also the study concluded that there is a difference in the economic sector's contribution to social responsibility. Finally the study reveals that there is a positive relationship between corporate social responsibility and financial performance. The researcher has come out with several recommendations, for example he has recommended that corporations should develop a philosophy directed towards being socially responsible, and spread it out throughout the corporation to avoid contradictions between what they are actually applying and what they are believing in.

3. (Alagha,2007):The relationship between committing social responsibility and marketing attitude and performance in industrial organizations in Gaza strip:

This study aimed first to recognize the extent of committing social responsibility by industrial business organizations in the private sector in Gaza strip, and the relationship between this commitment marketing attitude and financial performance. And second to find out relationship between social responsibility and marketing attitude (together as independent variables) and financial performance. A survey questionnaire directed to the industrial organizations was used. The results revealed that the average of committing SR is 62% which means moderate level of commitment, and that there is a relationship between committing SR and the marketing attitude in, and a positive relation between SR and financial performance measured by return on investment ROI and return on equity ROE, but no relation with return on sale ROS. Finally the results revealed that there is no relationship between committing SR and the marketing attitude (as independent variable) and financial performance. The study recommended that corporations should spread out CSR philosophy among employees through practicing, & sessions, also disclose its CSR activities to the audience so that people are aware of the companies' contributions to society.

4. (Alkughun, 2003): Financial Statements and Reports as the Tools to Evaluate the Financial Performance Of the Public industrial Companies listed in Palestinian Securities Exchange During the Period (1998 -2000):

This study aimed to evaluate the financial performance of the public Companies in the industrial sector of Palestinian Securities Exchange during the years (1998-2000) a Comprehensive evaluation to cover several issues such as: Liquidity, Financial capital structure, Efficiency and activity, Profitability, the financial market, Production management, Marketing management, Social responsibility, and Prediction of financial failure or stability. Reports and the published financial statements issued by these companies during this period were used. The analytical descriptive methodology was used. The study has been conducted on the five public industrial companies listed in PSE. Results concerning social responsibility revealed the prevalence of high concern, commitment and a sense of social responsibility of the industrial sector's companies in Palestine Securities Exchange towards the community, environment or their staff. Whereas social responsibility towards the clients and consumers has not received a worth- mentioning concern.

5. (Manhal, 2000): The internal social performance and its relation to job turnover: a domain study on *the south petroleum company and the public company for iron and steel*:

This study aimed to measure social responsibility represented by the internal social performance and its relation to job turnover in two companies considered from the largest companies in Iraq. *The south petroleum company and the public company for iron and steel* .The social performance measure that was used was represented by the quality of workers' lives, work place conditions, equity in employment, and the development opportunities as main indicators branch to a large group of subsidiary indicators each was evaluated according to a three dimensional measure that is; the extent of management concern, what is available now, and what is supposed to perfectly be available. Results revealed the existence of a negative correlation between social performance and job

turnover, since *the job turnover in the south petroleum company that recorded a better social performance* was less than that of the *public company for iron and steel*

6. (Jarboa,2006):The extent of measuring and disclosing the social responsibility information in the annual reports of companies in Gaza strip:

This study aimed to recognize the extent of applying social responsibility in industrial publicly-held companies in Gaza strip and whether disclosure of financial information concerning SR in annual financial statements is applied. The researcher designed two Questionnaires depending on the previous studies and the theoretical Framework, distributed to (70) Financial Managers and Accountants in These companies in Gaza strip. The results revealed that the accounting and auditing professional associations in Palestine Have given no attention to social responsibility accounting, and that the general frame of social responsibility in Palestine is non-specific until now, and no specific dimensions of SR were agreed upon. Also the results revealed that rationing social responsibility accounting is possible by identifying its categories, fields, objectives and variables, accordingly methods of disclosing and measuring its results in an objective manner can be defined. The researcher introduces a set of recommendations to support these companies to comply with laws and regulations to protect the environment from pollution and detriments resulting from operating its activities and to disclose all the activities which cause social effects, such as: education, employees' health, environmental pollution and resources consumption.

7. (Alghaby & Alamery, 2005): Social responsibility of business organizations and the transparency of information system: applied study on a sample of commercial Jordanian banks:

This study aimed to find out if there is a positive relationship between the social role of organization and the nature of its information system with emphasizing on its transparency. More precisely find out the relationship between the three different patterns of social responsibility the (economic, social, social-economic) and the transparency of information systems. The study population was the Arab working commercial banks in Amman only; a sample of (7) banks was taken and 63 subsidiaries of these (7) banks

which represent 41.7% of the total number of these banks and their subsidiaries. A survey questionnaire and interviews was used. The results revealed that the relationship between the two variables is weak, and social responsibility justifies only 4.88% information system transparency, and this is a low percentage. Also results revealed that information systems are transparent in banks adopting the economic pattern of social responsibility. And not transparent in those adopting the social pattern, but transparency is moderate in banks adopting the social-economic pattern of social responsibility. The researcher has come out with several recommendations, for example he has recommended encompassing corporate social responsibility and business ethics as independent courses in education in colleges and universities.

2.2.2 Foreign studies:

1. (Laffer associate, 2005): Does Corporate Social Responsibility Enhance Business Profitability:

This paper aims to investigate whether Corporate Social Responsibility Enhance Business Profitability: it examines the differences between the 28 CSR companies who were among the Business Ethics Top 100 Corporate Citizens every year from 2000-2004, to their competitors and industry averages. The results found no significant positive correlation between CSR and business profitability as determined by standard measures. In each of the three profitability comparisons (compound annual net income growth, net profit margin and stock price appreciation) with their peers, only a minority of the 28 CSR-leading companies in each comparison outperformed their peers. In addition, being a CSR-leading company was negatively or not correlated with compound annual net income growth, net profit margin and stock price appreciation. The results do not conclusively prove that CSR initiatives have a slight negative impact on businesses financial performance. They are, however, strong evidence against the claim that CSR initiatives have universal or systematic positive financial impacts on businesses. Perhaps the most that can be said at this point is that research in this area should continue.

2. (Tsoutsoura, 2004): Corporate Social Responsibility and Financial Performance

This study explores and tests the sign of the relationship between corporate social responsibility and financial performance. Using extensive data over a period of five years

the dataset includes most of the S&P 500 firms and covers the years 1996-2000. The relationship is tested by using empirical methods. CSR was measured using KLD rating data and the Domini 400 Social Index. Firm financial performance was measured by accounting variables. The financial data used are return on assets (ROA), return on equity (ROE), and return on sales (ROS). The source of data is the COMPUSTAT database. The results indicate that the sign of the relationship is positive and statistically significant; supporting the view that socially responsible corporate performance can be associated with a series of bottom-line benefits. Future research in this area could proceed in a number of directions. For example more extensive studies are needed to explore the causal mechanisms linking CSR to profitability and to determine whether or not those relationships hold consistently over time. Also the source of the connection between CSR and profitability has rarely been systematically investigated.

3. (Soana,2005): The relationship between corporate social performance and corporate financial performance in the banking sector:

This study attempted to investigate the possible connection between social performance and financial performance in the banking sector, a quantitative analysis on a sample of 21 international banks rated on 31/12/2005 by Ethibel, and 16 Italian banks rated on 31/12/2005 by AXIA has been developed. A further investigation to examine the link between corporate governance and financial economic performance was carried out on a sample of 31 Italian banks rated in April 2005 by AEI. The eventual correlation between social performance (proxied using ethical ratings) and financial economic performance (proxied using market and accounting ratios) has been examined. The results revealed no significant relationship between CSP and CFP, But when Further correlations were investigated between each single ethical component used in the determination of the synthetic ethical rating and financial indicators, a negative correlation was detected between one component of the Ethibel rating which is "internal social policy" and ROA, Price to Book Value and Price/Earning Ratio, and a positive relationship was detected between some components of the Axia ethical rating such as "corporate governance" and ROA, "employees" and cost/income , "international operations" and price to book value. Following the demonstration of the lack of homogeneity of ethical quantitative judgments between the various agencies specialized in the same issuing banks; the CSP has been

approximated by means of an ethical rating calculated by different agencies, the researcher recommended that future research on this theme should be taken into consideration.

4. (Brine, Brown, and Hackett, 2007): Corporate social performance and financial performance in the Australian context:

This paper examines the relationship between the adoption of corporate social responsibility and the financial performance of the top 300 ASX (Australian securities exchange) listed companies in Australia for the 2005 financial year. A total of 277 companies remained in the sample after companies with missing data were eliminated. Corporate social responsibility measurement based on whether companies made separate sustainability disclosures beyond what is required of them by the regulatory framework. Data was gathered from publicly available information, as well as a confidential list provided to the researcher by the Department of Environment and Water Resources and the Centre for Australian Ethical Research .A number of economic drivers for corporate social responsibility have been identified that may explain its voluntary adoption by companies. The preliminary results revealed no statistically significant relationship between corporate social responsibility and financial performance; however, a number of opportunities for refining the research were identified.

5. (Webb and Nelling, 2006):Corporate social responsibility and financial performance: the "virtuous circle" revisited:

This paper aims to analyze the existence and direction of causality between corporate social responsibility (CSR) and financial performance by using a more comprehensive data set and an improved statistical methodology. The sample extends from 1993 to 2000 and Includes data on more than 600 U.S. firms. The financial performance is assessed using both accounting (return on assets, or ROA) and market-based (common stock returns) measures. The KLD index is used as the measure of corporate social responsibility. Causality was analyzed using standard ordinary least squares (OLS) regression analysis, and found that the two variables appear to be related when using traditional statistical techniques. However, when using a time series fixed effects approach, the relation between CSR and financial performance is much weaker than previously thought. It also found little evidence of causality between financial

performance and narrower measures of social performance that focus on stakeholder management. The results suggest that strong stock market performance leads to greater firm investment in aspects of CSR devoted to employee relations, but CSR activities do not affect financial performance. The study concluded that corporate social responsibility is driven more by unobservable firm characteristics than by financial performance.

6. (Becchetti, Giacomo, Pinocchio, 2005): Corporate Social Responsibility and corporate performance: evidence from a panel of US listed companies

A Paper presented at the XIII Tor Vergata Financial Conference This paper investigates whether inclusion and permanence in the Domini social index (DSI400) affects corporate performance measured by (ROE, ROI, ROCE, total sales per employee) on a sample of around 1,000 firms in U.S, in a 13-year interval by controlling for size, industry, business cycle and time invariant firm idiosyncratic characteristics. The empirical approach allows the researcher to disclose many unexplored dimensions of the CSR/corporate performance relationship. The results found partial support to the hypothesis that corporate social responsibility is a move from the shareholders wealth to a multi – stakeholders' welfare target. Results revealed that workers in SR firms produce “larger cakes” (total sales per employee are significantly higher), but a smaller portion of these cakes goes to shareholders (returns on equity are significantly lower when large caps or R&D investing firms are not in the sample) and returns on capital invested and on investment are always lower). A second robust finding is the significantly negative impact (both in terms of productivity and return on equity) of exit from the Domini index. This result documents the arising of negative consequences when a CSR stance is abandoned.

7. (Curran, 2005): Assessing the rate of return of the adoption of corporate social responsibility initiatives:

This thesis represents group of studies conducted in one, it investigates the relationship between corporate social responsibility (CSR) and financial performance. This thesis contains a systematic review of a Thirty-four studies that examine the relationship between corporate social performance and financial performance. This review was carried out using a modified Cochrane systematic review method; the results showed that

70% of the studies reviewed showed a positive and statistically significant relationship between CSR and financial performance. This study also contains three empirical studies. The first study, Is an event study, which assessed the impact of the Financial Times Stock Exchange (FTSE4) Good Index on firm price. The study examined the return to companies being included in the FTSE4Good index that signals good performance in terms of CSR. The results of this event study showed that companies are not rewarded for being included in the index and are not penalized for being deleted from it. Companies can move in and out of the tradable index, and do so because of changes to the market capitalization or because of changes in name due to mergers and acquisitions and not solely due to changes in their environmental or social performance status. Also results revealed that companies are not benefiting from raised share prices if they are included in the index, but they gain a reputation benefit from being seen as a constituent. The second empirical study, aimed to identify the probability of a company passing a social and environmental screen -the activity of selecting a company for inclusion in socially responsible funds based on a company's social and environmental record. (Curran, 2005)- given information about the company's size, financial performance and sector. The Calvert Social Index Universe was obtained for March 2003. Companies that passed Calvert's screen were coded as 1 and those that failed coded as 0: this was the dependent variable. The explanatory variables were five different financial indicators to examine the relationship between size and financial performance and passing the screen. Market capitalization data were obtained from the Calvert database. The datasets for the other financial indicators were obtained from DataStream. Results showed that companies with small market capitalization, low income gearing and high net profit margins were more likely to pass the screen than other companies. Companies in the energy sector were less likely to pass than other companies and financial sector companies more likely to pass. The third empirical study aimed to assess the effect of passing a Socially Responsible Investment (SRI) screen on the financial performance of companies. The Calvert dataset contained 514 companies, of these 213 companies failed the screen and 300 passed. Each company in the dataset was associated with its sector. There were 12 sectors. DataStream provided the financial data used in this paper. Market to book ratio and earnings per share (EPS) data were downloaded for each month for each company in the sample from 1st

January 2000 to 1st May 2003 and for the same day of each month. Return on equity (ROE) was downloaded for four years as an annual time series on 1st January 2000, 2001, 2002 and 2003. The results showed that there was a relationship between passing the screen and higher earnings per share, but the relationship between passing the screen and other financial indicators was not proven. Also companies in the energy, auto, consumer staple, integrated oils, materials and processing, and utilities sectors are more likely to fail the screen than companies in the non-polluting sectors such as healthcare, financial services and technology .A final empirical study: In this study, full-time and part-time MBA (Masters of Business Administration) students from the Edinburgh Management School³² were asked to respond to a choice experiment questionnaire. The MBA students were selected to be the sample population for the survey because they have either been involved in making investment decisions for themselves or for their employers, or because they are likely to do so in the future. The Edinburgh MBA is well known to have a financial services focus. The students came from a variety of business backgrounds: private and public sector. They had in common that they had completed a mandatory business ethics module in their first term. The students were not a random sample of individuals, but they were considered to be a useful group as they were business minded and informed about corporate social responsibility issues. Out of 108 different questionnaires that were handed to the MBA students over 2 days, were returned. Respondents valued the non-financial attributes of companies (quality of products, reputation, environmental management and human rights) at least as much as the financial attributes (financial performance) of companies. In fact respondents valued the environmental and human rights attributes of companies more than any other attributes (except for reputation in one scenario). The researcher has recommended making case studies of different companies in the food supply chain. These will identify the intangible assets at work in each link of the food chain and show where the pressure points are for inclusion of CSR.

8. (Orlitzky, Schmidt, and Reynes, 2003): Corporate social and financial performance: a meta-analysis”:

This paper aims to show that the mainstream claim that there is little generalized knowledge about CSP and CFP is built on shaky grounds. Providing a methodologically

more rigorous review than previous efforts, the researcher conducted a meta-analysis of 52 studies (which represent the population of prior quantitative inquiry) yielding a total sample size of 33,878 observations. This meta-analysis has shown that (1) across studies, CSP is positively correlated with CFP, but CSP appears to be more highly correlated with accounting-based measures of CFP than with market-based indicators (2) the relationship tends to be bidirectional and simultaneous, (3) reputation appears to be an important mediator of the relationship, CSP reputation indices are more highly correlated with CFP than are other indicators of CSP (4) stakeholder mismatching, sampling error, and measurement error can explain between 15 percent and 100 percent of the cross-study variation in various subsets of CSP–CFP correlations. Corporate virtue in the form of social and, to a lesser extent, environmental responsibility is rewarding in more ways than one. The researcher has suggested future researches for example; social responsibility values and market CFP .and that managers must pursue CSP as part of their strategy for attaining high CFP.

9. (Margolis, Elfenbein and Walsh, 2007): Does it pay to be good? A meta-analysis and redirection of research on the relationship between corporate social and financial performance:

This study has aimed to find out the relationship between corporate social performance and corporate financial performance .a meta-analysis of 192 effects revealed in 167 studies was conducted. The researchers' review of researches on corporate social and financial performance encompasses studies from 1972 through 2007. They selected studies to include in the meta-analysis in five ways. First, articles covered in the sixteen prior reviews of the literature. Second, they searched the ABI/Inform, JSTOR, and EBSCO databases using the keywords “social performance,” “social responsibility,” “socially responsible,” “charitable,” “philanthropy,” and “environment.” Third, they manually checked the table of contents of seven of the top journals in the management field (*Academy of Management Journal*, *Administrative Science Quarterly*, *Journal of Management*, *Journal of Organizational Behavior*, *Organization Science*, *Organizational Studies*, and *Strategic Management Journal*). Fourth, he learned of some papers through informal efforts, such as inquiries with colleagues, suggestions from seminar participants where they presented related work, and papers mentioned by colleagues. Fifth, they

identified articles that were referenced by studies found using the four earlier methods. The overall effect is positive but small (mean $r=0.13$, median $r=0.08$). Looking deeper, the researcher has analyzed these effects across nine categories of CSP. And has found that the association is strongest for the analysis of the specific dimensions of charitable contributions, revealed misdeeds, and environmental performance and when CSP is assessed more broadly through observer perceptions and self-reported social performance. The association is weakest for the specific dimensions of corporate policies and transparency and when CSP is assessed more broadly through third-party audits and mutual fund screens. Although the results suggest no financial penalty for CSP, they indicate at least as strong a link from prior CFP to subsequent CSP as the reverse.

3.2 Discussion of literature review and its relation to this study:

As we have noticed, most previously previewed studies-especially the English ones- have focused on the link between corporate social responsibility and financial performance, our study focuses only on CSR link with profitability indicators – such as the study of (Laffer associate, 2005), which is the closest study to this study .Also the study of Elyan (1994) is almost similar to this study but it detects the relationship between CSR and financial performance. According to Elyan (1994) financial performance can be measured by three different groups of financial indicators and they are activity ratios, profitability ratios, and growth ratios, the researcher excluded activity and growth ratios. Other studies have linked CSR with performance in general which includes environmental, social and financial performance as (Abu Rshaid, 2006) did. Others linked with information system transparency (Alghaby & Alamery, 2005), or with the marketing attitude (Alagha, 2007).Others focused on the extent of measuring and disclosing the social responsibility information in the annual reports such as (Jarboa, 2006).

The researcher has made use of these studies in procuring more knowledge in this field and developing the study instrument which is a survey questionnaire directed to the listed companies' branches' managers.

The empirical link between corporate social performance (CSP) and corporate financial performance (CFP) has been steadily investigated for 35 years. (Margolis, Elfenbein &

Walsh, 2007). Determining how social and financial performances are connected is further complicated by the lack of consensus of measurement methodology as it relates to corporate social performance. Some studies have used survey instruments to measure the degree of social responsibility such as (Elyan, 1994; Abu Rshaid, 2006). Others have used ethical ratings, sustainability disclosure, KLD or fortune reputation indices such as (Tsoutsoura, 2004; Soana, 2005; Brine, Brown, and Hackett, 2007; Curran, 2005; Iaffer associate, 2005). While others have used a meta-analysis approach such as (Margolis, Elfenbein and Walsh, 2007) and (Orlitzky, Schmidt, and Reynes, 2003). This study uses a questionnaire directed to the listed companies' branches' managers to measure the degree of social responsibility. Although measuring financial performance is considered a simpler task, it also has its specific complications. Here, too, there is little consensus about which measurement instrument to apply. Many researchers use market measures such as market share price, others put forth accounting measures (Tsoutsoura, 2004; Elyan, 1994; Griffin, Mahon, 1997) and some adopt both of these (Soana, 2005; Webb & Nelling, 2006; Orlitzky, Schmidt, & Reynes, 2003). The two measures, which represent different perspectives of how to evaluate a firm's financial performance, have different theoretical implications and each is subject to particular biases. The use of different measures, needless to say, complicates the comparison of the results of different studies. (Tsoutsoura, 2004). This study uses the well-known profitability indicators which include both accounting –based (ROA, ROE, net profit margin and EPS) and market –based (market share price MSP) measures.

The previous studies have targeted different sectors or populations such as the industrial sector, listed companies in financial markets, banking sector, hospitals, private sector companies and others. This study has targeted the listed companies in Palestine securities exchange PSE as the study of (Elyan, 1994) that targeted listed companies in Amman financial market and Brine, brown, and Hackett (2007) that targeted listed companies in Australian securities exchange.

In sum (Soana, 2005; Brine, brown, and Hackett, 2007; Iaffer associate, 2005; Griffin, Mahon, 1997) have detected no significant relation between corporate social responsibility and financial; performance including profitability. While (Tsoutsoura, 2004; Velde, Vermeir and Corten, 2005; Curran, 2005; Becchetti, Giacomo, Pinocchio,

2005; Orlitzky, Schmidt, & Reynes, 2003; Abu Rashid, 2006; Alagha, 2007; and Elyan, 1994) have conducted a positive relationship between corporate social responsibility and financial performance. While (Webb & Nelling, 2006) suggest that strong stock market performance results in leads to greater firm investment in aspects of CSR devoted to employee relations, but CSR activities do not affect financial performance

4.2 What distinguishes this study from previous studies:

The researcher can summarize what distinguishes her study from previous studies by the following points:

1. This study is considered a pioneer in West Bank, specifically in the area of CSR and its relation to profitability as far as the researcher is aware.
2. Previous studies in this field have been conducted in Gaza strip targeting only the industrial sector, while this study is targeting all sectors in Palestine securities exchange
3. This study aims to recognize whether the application of CSR differs between companies according to many important variables such as the sector, firm size, CSR motive and how CSR is being applied in the organization structure.
4. It uses a variety of performance indicators ranging from accounting indicators (ROA, ROE, net profit margin) to market-based indicators (EPS, MSP).
5. It bases on a 5 – year's time series, which is long enough to reflect the true status of profitability of listed companies

CHAPTER THREE
RESEARCH DESIGN AND METHODOLOGY

1.3 Introduction

2.3 Methodology

3.3 Data collection and tools

4.3 Validating and pre-testing the questionnaire

5.3 Reliability of the study tool

6.3 Population of the study

7.3 Treatment of data

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

1.3 Introduction:

This chapter describes the methodology used in this study, the population and sample of the study, the study tools, validity and reliability of the instrument, in addition to the statistical processing used in analyzing data.

2.3 Methodology:

The descriptive methodology is used since this methodology is used to reflect the current facts concerning corporate social responsibility and its relation to profitability within a specific time frame .

3.3 Data collection and tools:

To achieve the objectives of this study, the researcher has used two types of resources:

1. **Secondary data and information:** the researcher has used books, journals, previous literature related to this study, and a number of periodicals available on the internet.
2. **Primary data:** for primary data the researcher has used two tools:
 - 1) **Survey questionnaire:** The stages of the questionnaire development are summarized as follows:
 - After a long period of reading and searching books, researches, papers, and related questionnaires such as those in studies of Elyan (1994), Abu Rshaid (2006), and another one developed by the European commission under the title *awareness raising questionnaire* to raise awareness about CSR, the questionnaire's questions were formulated to answer the first question of the study, that is; to reflect the extent of applying CSR in listed companies.
 - After developing the first draft of the questionnaire the researcher together with her supervisor have reviewed its comprehensiveness, and preparing it for validation by a group of references.

The last form of the questionnaire consists of two parts:

- **Part one:** contains general information divided into two sections: the first is Personal information such as qualifications, specialization, and the number of experience years in the current job. The second concerning Information about the company including year of establishment, company name, sector, size (capital, & number of workers),the application of CSR in the organization structure, and the motive of applying CSR.
- **Part two:** contains (73) sentences measuring the extent of applying CSR in listed companies in PSE, and distributed among four areas of responsibility:
 - Responsibility towards employees: (1-23)
 - Responsibility towards environment: (24-35)
 - Responsibility towards market place: (36-52)
 - Responsibility towards local community: (53-73).

The *Likert five point* scale was used, the scale ranged from very high degree, to very low degree. See appendix (1) the Arabic questionnaire/appendix (2) the English questionnaire

2) **Annual reports:** The annual reports of listed companies during the years (2004-2008) were also reviewed to extract the needed information about their profitability, including ROA, ROE, net profit margin, MSP, and EPS.

4.3 Validating and pre-testing the questionnaire:

The validity of the instrument was investigated by offering it to a group of (7) specialists including academic, professionals in the field, statistical and language specialists from different universities in West bank. See appendix (3).References were asked to read the questionnaire and make all the revisions they find appropriate .Their suggestions were taken into account, and finally the final version of the questionnaire was developed

5.3 The reliability of the study tool:

The internal consistency was verified using *Cronbach Alfa equation* for consistency, and the results were as follow. See table (1.3)

Table (1.3)

Results of consistency coefficient (Cronbach Alfa) of the study tool

number	Aspect	Number of sentences	Cronbach coefficient
1	Responsibility towards employees	23	0.80
2	Responsibility towards environment	12	0.93
3	Responsibility towards market place	17	0.79
4	Responsibility towards local community	21	0.93
	Total degree of social responsibility	73	0.96

The values in table (1.3) show that the tool of the study is highly consistent and is acceptable for the purposes of this study.

6.3 Population of the study:

The population of this study consists of all managers of the branches of listed companies in various sectors in PSE that meet the following conditions:

- 1) Listed before (2004), since the scope of this study depends on using the financial information of five years from (2004-2008) so as to reflect the real profitability of the company.
- 2) Shares haven't been suspended from trade during the interval (2004-2008).
- 3) Only companies in west bank are included; listed companies in Gaza strip have been excluded. Table (3.3) shows the five different sectors in PSE accompanied with the number of companies in each sector, and appendix (4) will exhibit the details about companies within each sector.

Table (2.3)

Sectors in Palestine securities exchange

Number	Sector	Number of companies
1	Banking	7
2	Insurance	5
3	Industry	10
4	Investment	8
5	Service	11
	Total	41

After excluding companies that haven't met the above conditions, and another two that refused to participate in this study (Jerusalem Pharmaceutical, & The National Carton Industry), a total number of only (17) companies remain, which will be the subject of this study. Appendix (5) exhibits the excluded companies and reasons behind exclusion. Table (4.3) shows the number of companies that remains within each sector.

The population of this study will be the branches' managers of the (17) companies, which is a total number of (127) managers. Appendix (6) exhibits the details about the population of the study.

Table (3.3)

Companies participating in the survey within each sector

number	Sector	Number of companies	Percentage of sector	Percentage of population
1	Banking	3	42.9%	17.7%
2	Insurance	2	40%	11.8%
3	Industry	5	50%	29.4%
4	Investment	3	37.5%	17.7%
5	Service	4	36.4%	23.4%
	Total	17		100%

For the purpose of the study all branches' managers were surveyed. A total of (127) questionnaire were distributed, (117) were retrieved, that is ;(92%) of the population. Demographics of the study sample are explained in table (4.3) and table (5.3).

In table (4.3) it is noticeable that there are no managers within the sample with economy specialization. (75%) of the managers were with bachelor degree, almost (48%) of them have a certificate in business administration specialization, and (49%) have more than 10 years experience.

Table (4.3)
Demographics concerning the branches' managers

Variable	Levels	Number	Total
Manager's educational level	Bachelor and less	88	117
	More than bachelor	29	
Manager's specialization	Business administration	56	117
	Accounting	23	
	Marketing	9	
	Finance	22	
	Economy	0	
	Others	7	
Manager's experience	5 years and less	16	117
	From 6-10 years	44	
	More than 10 years	57	

In table (5.3) it is noticeable that there are (96%) of the managers worked in companies established between (1990-2003) only (4.3%) of them worked in companies established before 1990, these companies are the industrial ones, (48%) of the managers were from the service sector, (45%) of the managers managed companies with capital more than (50\$) million, while (70%) of the managers managed companies with number of workers exceeds (200) worker, (66%) of them managed companies having a CSR permanent department, (50%) of the managers considered supporting the image of their companies as the CSR motive.

Table (5.3)
Demographics concerning the listed companies

Variable	Levels	Number	Total
Year of establishment	Before 1990	5	
	From 1990-2003	112	
Sector	Banking	29	117
	Investment	4	
	Industry	5	
	Insurance	23	
	Service	56	
Capital	Less than 10 million \$	20	117
	From 10-50 million \$	44	
	More than 50 million \$	53	
Number of workers	Less than 100	17	117
	From 100-200	18	
	More than 200	82	
Applying CSR through	Individual manager	17	117
	Permanent department	77	
	Permanent committee	22	
	Others	1	
CSR motive	Profit	10	117
	Support the image	59	
	Altruism	32	
	Others	16	

8.3 Treatment of data:

After collecting the questionnaires, data was entered into the computer for analysis. The scale used for analysis was as follows:

1. (5) was given to very high degree
2. (4) was given to high degree

3. (3) was given to moderate degree
4. (2) was given to low degree
5. (1) was given to very low degree

The statistical analysis was accomplished using *the Statistical Package for Social Sciences (SPSS)* program according to the following details:

1. The study questions were analyzed by retrieving means and standard deviations, and approving the following criteria:
 - High degree if the (mean > 3.66)
 - Moderate degree if mean between (2.33-3.66)
 - Low degree if the (mean < 2.33)
2. *Pearson correlation coefficient* was used to investigate correlations between social responsibility and every measure of profitability.
3. *Cronbach alpha correlation coefficient* was used to investigate consistency.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

1.4 Results of the main question

1. 1.4 Results of the first minor question

2.1.4 Results of second minor question

3.1.4 Results of the third minor question

4.1.4 Results of the fourth minor question

1. 4.1.4 According to year of establishment

2.4.1.4 According to capital

3.4.1.4 According to number of workers

4.4.1.4 According to sector

5.4.1.4 According to CSR motive

6.4.1.4 According to CSR application in the organization structure

7. 4.1.4 According to Manager's experience

8. 4.1.4 According to Manager's specialization

9. 4.1.4 According to Manager's educational level

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter will exhibit the results of the study by answering its questions as follows:

1.4 Main question: What is the reality of applying corporate social responsibility in listed companies in Palestine securities exchange (PSE) and its relation to profitability?

This leads to the following minor questions:

1.1.4 To What extent corporate social responsibility (CSR) is being applied in listed companies in (PSE) mainly in the following fields: responsibility towards employees, environment, marketplace and community?

To answer this question means and standard deviations of the degree of applying social responsibility in listed companies in PSE were retrieved .see table (1.4)

Table (1.4)

Means and standard deviations of the four areas of applying social responsibility in listed companies in PSE ordered descending

Number	Area of responsibility	mean	Standard deviation	Degree
3	Responsibility towards market place	4.3881	0.17064	High
1	Responsibility towards workers	3.6741	0.39568	High
4	Responsibility towards community	3.5763	0.68724	Moderate
2	Responsibility towards environment	3.1261	0.93347	Moderate
	Total degree of social responsibility	3.7222	0.46347	High

Results in table (1.4) revealed the following:

1. The total degree of applying corporate social responsibility in listed companies in PSE was high with mean (3.72) and standard deviation (0.463). According to the researcher point of view this high degree of social responsibility due to the commitment in the legal and ethical parts of CSR by almost all companies in PSE may be to avoid future legal problems with governmental parties, this legal/ethical commitment raised the total degree of social responsibility, as we will see in the coming results. These results exceeds those of Abu Rshaid (2006) that revealed a

moderate application of CSR in private hospitals in Amman, and the study of Alagha (2007) whose ones also revealed a moderate commitment in SR by companies in private industrial sector in Gaza strip, while those of Carroll, Hatfield, & Aupperle (1985) revealed that 62% of the listed companies in *Forbes* 1981 Annual Directory employed social forecasting and 45% from them had a CSR committee in their board of directors.

2. Social responsibility was the highest towards market place with mean (4.39) and standard deviation (0.17). followed by Responsibility towards workers with mean (3.6741) and standard deviation (0.395), then Responsibility towards community with mean (3.58) and standard deviation (0.687), finally responsibility towards environment with mean (3.13) and standard deviation (0.933). This result is almost similar to Abu Rshaid's (2006) that revealed high degree of the private hospitals' social responsibility towards customers that came in the second place after responsibility towards owners.
3. Responsibility towards marketplace has got the highest mean, the researcher believes that the dimensions used to measure responsibility in this field are in the core of any business, and serve its interests first and foremost, that is achieving profit and maximizing it. Enterprises are basically human organizations that rely on a web of internal and external relationships which are vital for mutual prosperity. The way in which these working relationships are managed is often vital to the success of an enterprise. Good relations with customers and suppliers bring gains for both sides. Good networking is critical to success. A quick way to improve company's performance is to share experiences with suppliers, customers, other like-minded enterprises and local business organizations. Customers' satisfaction is the key to any company's success; a corporation can achieve a good Reputation by satisfying customers, through the word of mouth ads for example, this reputation is crucial to ensure success in the marketplace, since more customers means more sales, more involvement and expansion in the market, A company that doesn't act responsibly toward its customers will ultimately lose their trust and their business. Good relations with suppliers guarantee a smooth flow of the supply chain, companies must maintain quality

relationships with their suppliers through respecting terms of payments, honesty in contracts and dealings, and through promoting ongoing dialogue with their key ones about prices ,schedules or other issues , since once the suppliers are not comfortable in their dealings with one company they will engage with another and this is of course not in the company's best interest and will serve their competitors. fair competition is the ethical thing to do and will avoid them future legal problems

Dimensions that were used to measure the degree of social responsibility towards marketplace meet the legal, ethical and social dimensions see table (2.4),

Table (2.4)

Means and standard deviations of the dimension used to measure responsibility towards marketplace ordered descending

Number	Statement	Mean	Standard deviation	Degree
Q52	Handling customers complaints	4.7265	.44767	High
Q36	Honesty in its contracts	4.7009	.45985	High
Q51	Providing a telephone number with its products for feedback	4.6325	.51859	High
Q38	Paying its financial obligations on time	4.6239	.50389	High
Q50	After sale service	4.5641	.60721	High
Q39	Fair competition	4.5214	.51859	High
Q37	Honesty in its dealings	4.5043	.50213	High
Q46	Labeling its product to provide people with needed information	4.4444	.53247	High
Q40	Handling suppliers complaints	4.4359	.56301	High
Q45	Honesty when describing its product	4.4188	.65967	High
Q43	Agreeing on fair prices for its suppliers and for it self	4.3932	.54071	High
Q42	Negotiating with suppliers on delivery schedule	4.3846	.55470	High
Q48	Providing a quality product	4.2906	.49235	High
Q47	Adequate prices for its customers	4.2821	.48860	High
Q44	The society's Habits when advertising	4.2735	.51902	High
Q41	Keeping suppliers aware of its future needs	4.2564	.51115	High
Q49	returning goods principle	3.1453	.94015	Moderate
	Total degree	4.3881	.17064	High

Results in table (2.4) showed that:

1. All the dimensions used to measure responsibility towards marketplace have got degrees with the highest goes for Handling customers complaints with mean (4.73) and standard deviation (0.45), most of these dimension either serve their interests, such as handling complaints of customers and suppliers, or previously demanded and specified by *business ethics* -such as honesty in dealings and contracts, and fair competition- or regulated by laws specifically *the law of protecting the Palestinian consumer* which outlined the consumer rights, such as labeling products, providing quality products and fair prices.
2. The lowest degree in this field was moderate for returning goods principle with mean (3.1453) and standard deviation (0.94), this moderate degree is probably due to the product/service diversity between different companies in different sectors. For example Services provided by the banking, or insurance sectors can't be returned.
3. The researcher concludes that listed companies in PSE are highly meeting the legal and ethical parts of SR, that both together meet the social one of CSR towards marketplace.

Responsibility towards workers came in the second place with mean (3.6741) and standard deviation (0.395). See table (3.4)

Results in table (3.4) revealed that:

1. Responsibility towards workers came in the 2nd place, as a result to the legal /ethical and sometimes voluntary commitment by these companies towards their workers, to retain ,motivate, increase their loyalty and productivity, and develop their skills that all first and foremost serve the companies' best interests. The researcher believes that workers are important stakeholder of the company, and the long-term success of business and the ability of manager as an effective entrepreneur often depend on the knowledge, skills, talent, innovative creativity and – particularly the motivation of employees.

Table (3.4)

Means and standard deviations of the dimension used to measure responsibility towards workers ordered descending

Number	Statement	Mean	Standard deviation	Degree
Q9	A comprehensive health insurance	4.5470	.59445	High
Q2	Developing its workers skills through training	4.4615	.59507	High
Q1	Developing its workers skills through performance evaluation	4.4444	.49904	High
Q3	Equity in treating workers on sex basis	4.2650	.63508	High
Q8	Fair wages to its workers	4.2650	.79213	High
Q21	Treating its workers respectfully at the end of their service	4.2650	.49815	High
Q13	A healthy work environment	4.2393	.59668	High
Q11	Equal employment opportunities	4.2222	.58885	High
Q20	Treating its workers respectfully when lay off for some reason	4.2051	.60939	High
Q22	Respecting its workers ethical behaviors	4.2051	.65044	High
Q4	Equity in treating workers on origin basis (place of living)	4.1709	.67327	High
Q6	Presenting financial awards to its workers	3.9744	.75955	High
Q12	Empowering its workers in important issues	3.9744	1.01252	High
Q5	Equity in treating workers on family basis	3.7436	1.22583	High
Q7	Granting loans to its workers	3.6838	1.01412	High
Q14	Flexible working hours	3.4957	.86726	Moderate
Q15	Extra health insurance for workers	3.4615	.87630	Moderate
Q19	The ability to work at home	2.8120	1.60243	Moderate
Q18	Have a nursery for women workers' babies	2.7778	1.79132	Moderate
Q23	Insuring transportation for its workers	2.7265	.94343	Moderate
Q17	Helping workers getting married	2.6496	1.03654	Moderate
Q16	Providing scholarships for workers' superlative kids	2.5470	1.11026	Moderate
Q10	Residential projects for its workers	1.3675	.48420	Low
	Total degree	3.6741	.39568	High

As enterprise grows, it will need people that a manager can rely on and delegate to because of this companies must work hard to retain their workers, they need the experience that workers gain in their companies, Being responsible towards employees will lead to Effective Internal partnerships and create relationships that

improve business' flexibility, responsiveness and ability to share knowledge between workers. A motivated staff often leads to a stable, loyal contented workforce – and helps to build a good reputation for the company, which is a good way to attract talented workforce .this result contradicts with those of Abu Rashid's (2006) which revealed low degree of the private hospitals' responsibility towards employees since it came in the last place after responsibility towards owners, customers, government, minorities and special needs' people

2. Most dimensions with high means are either specified by business ethics such as respecting workers ethical behaviors, or specified by the *labor law* such as equity in treating, employing, and promoting workers, and providing a comprehensive health insurance (4.55).
3. Most Voluntary activities of responsibility towards workers have got the lowest means since these activities are not forced by laws such as establishing residential projects (1.37)- that need great financial ability-or providing scholarships for workers' superlative children (2.55), Helping workers getting married (2.65), and Insuring transportation for its workers (2.73); due to the high fixed costs concerning transportation and the dispersion of the workers' living places. See table (3.4),but some voluntary activities have got high means such as developing workers skills through training, awarding workers, empowering and granting them loans. training workers is for the companies' best interest first and foremost to keep their workers up to date with technology and everything related to their businesses and increase efficiency and productivity. Awarding and granting loans to workers in their difficult circumstances will motivate them, and increase their loyalty and productivity
4. In sum, listed Companies are highly responsible towards workers, and they are more legally and ethically responsible towards them, than voluntarily. The results of Alagha (2007) were consistent with the above results; he concluded that the responsibility of the industrial sector in Gaza strip towards employees was (63%) which is higher than their responsibility towards community and environment (61.3%).

Responsibility towards community came in the third place with mean (3.58) and standard deviation (0. 687), see table (4.4).

Table (4.4)

Means and standard deviations of the dimension used to measure responsibility
towards community ordered descending

Number	Statement	Mean	Standard deviation	Degree
Q58	Presenting non financial donations to charitable institutions	4.1453	.86368	High
Q57	Presenting financial donations to charitable institutions	4.0684	.90712	High
Q53	Offering training opportunities to local community members such as fresh graduates	4.0085	.70093	High
Q55	Purchasing locally to encourage local industries	3.8632	.99919	High
Q61	Sponsoring cultural activities	3.8462	.94336	High
Q72	Contributing in disasters	3.8462	1.17161	High
Q56	Involving its employees in local community activities	3.7778	1.04313	High
Q71	Solving the unemployment issue through creating new job opportunities	3.7692	.99468	High
Q63	Sponsoring sport activities	3.7094	1.07527	High
Q54	Discussing important issues concerning the company with the community	3.6667	.84077	High
Q70	Supporting Social Institutions concerning people with special needs	3.6410	1.17782	Moderate
Q59	granting scholarships for superlative students	3.5983	1.29362	Moderate
Q60	granting scholarships for needy people	3.5385	1.33609	Moderate
Q62	Sponsoring health activities	3.5299	1.28367	Moderate
Q64	Raising education level by supporting schools	3.4274	.91271	Moderate
Q69	Supporting Social Institutions concerning youth issues	3.2564	1.09980	Moderate
Q68	Supporting Social Institutions concerning children issues	3.1880	1.04165	Moderate
Q73	Participating in infrastructure projects	3.1538	1.39960	Moderate
Q67	Supporting Social Institutions concerning women issues	3.1197	1.08407	Moderate
Q66	Ignoring specific groups when recruiting such as needy people	3.0256	.60830	Moderate
Q65	Neglecting scientific research in universities	2.9231	.85252	Moderate
	Total degree	3.5763	.68724	Moderate

Results in table (4.4) come out with the following:

1. Companies are moderately behaving responsibly towards community, since they are part of this community, their duty force them to contribute but the

economic/political instability and the difficult circumstances our country went and still going through limited their contributions to only few donations or sponsoring ,their commitment in this duty will in the long-run enhance their reputation and image or increase customer recognition and esteem .Businesses also have an interest in the surrounding community to satisfy an inherent need to survive and prosper. These needs are, amongst others, to source labor and management, and to serve various links in the supply chain. This result agrees with Abu Rshaid's (2006) that revealed moderate level of CSR of the private hospitals towards community.

2. The highest degrees go for presenting financial and non-financial donations to charitable institutions with means (4.1453), (4.0684) successively, and Offering training opportunities to local community members such as fresh graduates with mean (4.02).From the researcher point of view these are contributions companies are capable to offer, and they are the minimum things companies may introduce to their local community .
3. The lowest degrees go for Supporting Social Institutions concerning women issues and Participating in infrastructure projects with means (3.12),(3.15) successively, after those that went for Neglecting scientific research in universities (2.11) and Ignoring specific groups when recruiting such as needy people, which is a good thing since the latter two are negative sentences. Projects such as the infrastructure one needs huge expenditures.

Finally responsibility towards environment was with mean (3.13) and standard deviation (0.933).see table (5.4).

Results in table (5.4) revealed the following:

1. Moderate degree of responsibility towards environment, the researcher thinks that this area of responsibility have got the lowest degree due to the absence of awareness in issues concerning environment, and sustainable development in spite of the existence of particular laws in Palestine concerning the environment but these laws seemed to be inactive. According to Abu Rashid (2006), private hospitals' responsibility towards environment has also got moderate degree, but it has got more attention than responsibility towards employees, on the contrary of

this study, where responsibility towards environment has got the lowest degree. Results of Elyan (1994) also revealed high responsibility of the industry sector towards environment due to the rules forced on this sector by law.

Table (5.4)

Means and standard deviations of the dimension used to measure responsibility towards environment ordered descending

Number	Statement	Mean	Standard deviation	Degree
Q35	Keeping the environment clean	4.3248	1.07342	High
Q26	Having means for preserving water	3.6154	1.21660	Moderate
Q25	Having means of preserving energy	3.5726	1.38537	Moderate
Q27	Recycling	3.4444	1.46478	Moderate
Q33	cooperation with government in issues concerning environment	3.2564	1.08400	Moderate
Q24	Participating in environmental projects	3.2222	1.50923	Moderate
Q28	Conducting environmental sessions for its workers	3.1368	1.38281	Moderate
Q34	donations for environmental projects	2.9231	1.12306	Moderate
Q29	Participating in local environmental conferences	2.7949	1.27670	Moderate
Q31	Educating audience about environmental issues	2.6752	1.34439	Moderate
Q32	Awarding workers participating in environmental activities	2.4444	1.00382	Moderate
Q30	Participating in international environmental conferences	2.1026	.76996	Low
	Total degree	3.1261	.93347	moderate

2. All companies in this survey agreed upon keeping the environment clean which was the only sentence in this field with high mean (4.33). Pollution in any facet is an issue that is forbidden by the *Palestinian law No.(7) concerning the environment for the year 1999*.
3. Recycling is an issue mentioned by this law but it seemed that listed companies are moderately applying it (3.44).
4. Voluntary environmental activities such as having means for preserving water and energy have got the highest moderate degrees (3.62), (3.57) successively. Others such as participating in international environmental conferences has got the

lowest mean (2.10).

5. The researcher concludes that listed companies' responsibility towards environment meets only their minimum obligations towards it.

Again, it is a worth mentioning thing to conclude that listed companies in PSE gives more attention to the legal and ethical parts of social responsibility in all areas, than the discretionary one. In other words they meet their minimum obligations.

2.1.4 What is the profitability status of listed companies in Palestine securities exchange (PSE)?

To answer this question means or averages of the five profitability measures (ROA, ROE, EPS, net profit margin, MSP) during the period (2004-2008) were retrieved for each sector, See table (6.4). See appendix (7) (Values of the five profitability measures during the interval (2004-2008) for each company)

Table (6.4)

The profitability measures' averages for the different sectors during the period (2004-2008)

Company's name	ROA	ROE	EPS	Net profit margin	MSP
Banking sector average	0.018	.064	0.176	0.194	*1.289
Insurance sector average	0.047	0.179*	0.281*	*0.83	1.188
Investment sector average	0.061*	0.103	0.115	-0.078	0.822
Service sector average	0.058	0.081	0.159	0.016-	0.164
Industry sector average	0.035	0.091	0.108	0.046	0.087
Listed companies average	0.043	0.096	0.153	-0.098	0.71

*Goes for the higher percentage

Results in table (6.4) revealed that:

1. The MSP has got the highest average in all sectors except in the industry sector where EPS was the highest. According to Tsoutsoura (2004) accounting measures such as ROA, ROE, and EPS capture only historical aspects of firm performance. They are subject, moreover, to bias from managerial manipulation and differences in accounting procedures, while Market measures such as MSP are forward looking and focus on market performance. They are less susceptible

to different accounting procedures and represent the investor's Evaluation of the ability of a firm to generate future economic earnings.

2. The insurance sector is the most profitable sector in terms of ROE, EPS, and net profit margin with averages (0.179), (0.281), (0.83) successively, while the investment sector is the most profitable in terms of ROA with an average (0.061), but the banking sector is the most profitable in terms of MSP with an average (1.289).
3. The insurance sector's profitability indicators are all above listed companies' averages.
4. The banking sector's EPS, MSP and net profit margin, are above the listed companies' averages.
5. The service sector's ROA, EPS, and net profit margin are above the listed companies' averages.
6. The industry sector's profitability indicators are all below the listed companies' averages except the net profit margin
7. And finally the investment sector's profitability indicators are all above the listed companies' averages except EPS
8. These results lead the researcher to conclude that the industry sector is the least profitable sector, while the most profitable one is the insurance, this may due to the high net profit margin of the insurance sector (0.83) and the low one concerning the industry sector (0.046)
9. Return on asset (ROA) was the highest in investment sector (0.061) followed by service (0.058), insurance (0.047), industry (0.035) and then banking (0.018) sectors. Sectors such as the investment, service, and insurance have fewer assets than the industry one, which yields higher return on asset.
10. Return on equity (ROE) was the highest in insurance sector (0.179), followed by investment (0.103), industry (0.091), service (0.081) and then banking (0.064) sectors.
11. Earning per share (EPS) was the highest in insurance ((0.281, banking (0.176), service (0.159), investment (0.115) and then industry (0.108),this may be explained in higher net income achieved by sectors providing services since they

incurred less costs.

12. Net profit margin was the highest in insurance sector (0.83) followed by banking (0.194), industry (0.046), service (-0.016) and investment (-.078). This can be explained similar to the explanation concerning EPS, but as an exception in this case lower net profit margin concerning service sector can be referenced to the low net profit margin concerning some companies in this sector such as PLAZA, and the Arab hotels, but if we take a deeper look to that concerning PALTEL company in table (7.4) we will notice very high net profit margin (0.322).

13. Market share price (MSP) was the highest in banking sector (1.289) followed by insurance (1.188), investment (0.822), service (0.164) and then industry (0.087).

Averages of the five profitability measures were also retrieved for each company, see table (7.4).

Results in table (7.4) revealed the following:

1. Within the banking sector, *Palestine investment bank* has the highest indicators, in the insurance sector, ROA, ROE, EPS of *national insurance* were higher than those of *Alahlia insurance group*, but net profit margin and MSP of *Alhlia* were higher.
2. In the investment and service sectors *Palestine development and investment (PADICO)* and *Palestine telecommunications (PALTEL)* successively have the highest indicators
3. *Jerusalem Cigarette* has the highest ROA, ROE, EPS, in the industry sector, but the *vegetable oil industries* has the highest MSP and net profit margin.
4. *PALTEL group* is the most profitable company at the level of all listed companies in terms of ROA (0.180), ROE (0.269), EPS (0.540), while *Alahlia group* is the most profitable in terms of net profit margin (0.955), and *Palestine investment bank* is the most profitable in terms of MSP (2.49)

According to Alagha (2007) the financial performance averages of the industrial companies in Gaza strip were 19.2% for ROE, 18.9% for ROS, 12.2% for ROI

Table (7.4)

The profitability measures' averages for all companies during the period (2004-2008)

Company's name	*ROA	*ROE	EPS	*Net profit margin	*MSP
Arab Islamic bank	0.014	0.069	0.112	0.286	0.68
Palestine Investment Bank	0.046	0.147	0.437	0.448	2.49
Al-Quds Bank	-0.005	-0.023	-0.021	-0.153	0.697
Banking sector average	0.018	.064	0.176	0.194	1.289
Ahleia Insurance Group	0.046	0.176	0.163	0.955	1.866
National Insurance	0.048	0.182	0.398	0.704	0.51
Insurance sector average	0.047	0.179	0.281	0.83	1.188
Palestine Development & Investment	0.109	0.144	0.213	0.432	1.163
Palestine Industrial Investment	0.075	0.072	0.132	0.320	0.2
The Palestine Real Estate Investment	0.000	0.092	-0.001	-0.982	1.104
Investment sector average	0.061	0.103	0.115	-0.078	0.822
The Arab Hotels	-0.009	-0.010	-0.009	-4.265	0.236
Arab Real Estate Establishment	0.072	0.092	0.121	0.081	0.033
Palestine Telecommunications	0.180	0.269	0.540	0.322	0.335
Arab Palestinian Shopping Centers	-0.013	-0.026	-0.018	-0.041	0.052
Service sector average	0.058	0.081	0.159	0.016-	0.164
Arab Company for Paint Products	0.0476	0.185	0.074	0.123	0.266
Palestine Poultry	0.030	0.039	0.045	0.040	-0.244
Jerusalem Cigarette	0.086	0.196	0.299	0.097	0.185
Palestine Plastic Industrial	-0.052	-0.067	-0.049	-0.183	-0.25
The Vegetable Oil Industries	0.063	0.01	0.173	0.152	0.475
Industry sector average	0.035	0.091	0.108	0.046	0.087
Average for all companies	0.043	0.096	0.153	-0.098	0.71

*Values in the above table are percentages

3.1.4 What is the relationship between being socially responsible and the

profitability of the listed companies in (PSE) measured by (ROA, ROE, EPS, net profit margin, MSP)?

To find out the relationship between applying corporate social responsibility in listed companies in PSE and their profitability, Pearson Correlation coefficient was retrieved between CSR and the five profitability indicators, as follows:

1.3.1.4 Correlation between CSR and ROA

Pearson correlation coefficient was retrieved, see table (8.4)

Table (8.4)

Results of Pearson correlation between social responsibility and return on asset (ROA)

Variable	Pearson correlation coefficient(r)	Statistical significance
Applying social responsibility	.093	0.681
ROA		

Results revealed that statistical significance is (0.681) which is larger than (0.05), this means that there is no correlation between CSR and ROA.

This result agrees with Carroll, Hatfield, & Aupperle (1985) who observed no statistically significant relationship between CSR and ROA, their results revealed that the profitability of firms that did social forecasting and those having a corporate social responsibility committee on their corporate boards wasn't statistically different from that of firms that did no forecasting or other firms. This result also agrees with soana's (2006) that detect no significant relationship between (the social performance of a sample of international banks rated by Ethibel and a sample of Italian banks rated by Axia) and accounting & market measures of performance. But when Further correlations were investigated between each single ethical component used in the determination of the synthetic ethical rating and financial indicators, a negative correlation was detected between one component of the Ethibel rating which is "internal social policy" and ROA, Price to Book Value and Price/Earning Ratio, and a positive relationship was detected between some components of the Axia ethical rating such as "corporate governance" and ROA, "employees" and cost/income , "international operations" and price to book value.

This result disagrees with Abu Rashid (2006) who detected a positive relationship between the adoption of CSR and ROA.

2.3.1.4 Correlation between CSR and ROE

Pearson correlation coefficient was retrieved, see table (9.4)

Table (9.4)

Results of Pearson correlation between social responsibility and return on equity (ROE)

variable	Pearson correlation coefficient(r)	Statistical significance
Applying social responsibility	0.126	0.576
ROE		

Results revealed that the statistical significance is (0.576) > (0.05), which means that there is no correlation between CSR and ROE.

This result agrees with Curran's (2005) who implied that the relationship between passing the screen (selecting a company for inclusion in socially responsible funds based on a company's social and environmental record) and market to book ratio and ROE was not proven. And disagrees with Becchetti, Giacomo, Pinocchio (2005) whose results revealed that applying CSR increase total sales per employee but cause lower (returns on equity only when large caps or R&D investing firms are not in the sample), and with Abu Rashid (2006) who detected a positive relationship between the adoption of CSR and ROE, and Alagha (2007) who also detected a positive relation between SR and financial performance measured by return on investment ROI and return on equity ROE, but no relation with return on sale ROS.

2.3.1.4 Correlation between CSR and EPS

Pearson correlation coefficient was retrieved, see table (10.4)

Table (10.4)

Results of Pearson correlation between social responsibility and EPS

variable	Pearson correlation coefficient(r)	Statistical significance
Applying social responsibility	0.130	0.563
EPS		

Results revealed that there is no correlation between CSR and EPS since statistical significance is (0.563) > 0.05.

This result contradicts with Curran (2005) whose results revealed a relationship between passing the screen and higher earnings per share.

2.3.1.4 Correlation between CSR and net profit margin

Pearson correlation coefficient was retrieved, see table (11.4)

Table (11.4)
Results of Pearson correlation between social responsibility and net profit margin

variable	Pearson correlation coefficient(r)	Statistical significance
Applying social responsibility	-0.322	0.154
Net profit margin		

Results revealed that the statistical significance is $(0.154) > (0.05)$, this means that there is no correlation between CSR and net profit margin. This result agrees with the analysis done by Laffer associate (2004) to compare the (28) company who were among the Business Ethics Top 100 Corporate Citizens with their competitors and industry averages every year from 2000-2004, there was no significant positive correlation between CSR and business profitability as determined by standard measures. In each of the three profitability comparisons (compound annual net income growth, net profit margin and stock price appreciation) with their peers, only a minority of the 28 CSR leading companies in each comparison outperformed their peers. In addition, being a CSR-leading company was negatively or not correlated with compound annual net income growth, net profit margin and stock price appreciation.

The researcher believes that CSR has no effect on net income, that is; companies applying CSR will not increase or decrease their sales, or costs, may be in the short-term thus net income won't be affected, which in turn will not affect the profitability indicators that all rely on net income.

2.3.1.4 Correlation between CSR and market share price (MSP)

Pearson correlation coefficient was retrieved, see table (12.4)

Table (12.4)
Results of Pearson correlation between social responsibility and MSP

variable	Pearson correlation coefficient(r)	Statistical significance
Applying social responsibility	-0.216	0.360
MSP		

Results in table (12.4) revealed that the statistical significance is $(0.360) > 0.05$. So there is no correlation between CSR and MSP. Increases in the company's MSP result from

many things such as increases in sales, or increased demand on its product or shares, from the researcher point of view CSR seemed not to affect these issues.

Webb and Nelling's (2006) results agrees with this result in that CSR do not affect firm's financial performance, and the only aspect of CSR driven by stock market performance is employee relations, That is; strong stock market performance leads to greater firm investment in aspects of CSR devoted to employee relations, but CSR activities do not affect financial performance.

In sum, the researcher concludes the following:

1. No correlations were detected between CSR and the listed companies' profitability during the interval (2004-2008) measured by (ROA, ROE, EPS, net profit margin and MSP), although many previous studies have proved the existence of either a positive or negative correlation..
2. From the researcher point of view The positive correlation, is the logical one since it was justified by several reasons that all at the end lead to firm's profitability such as enhancing the firm's reputation and image, attracting talented workforce, increasing the loyalty and productivity of workers, increasing sales and many other benefits. But the question that comes into our minds now, why CSR of listed companies in PSE are not correlated to their profitability?

To answer this question the researcher has suggested several reasons that all at the end pour into one that is the political/economic instability of Palestine, detailed as follows:

- The current political situation of west bank has affected all aspects of our lives especially the economic one, the ordinary consumer when buying a product doesn't care if the company is a friend of the environment or if it is socially responsible towards its workers or if it is supporting charitable institutions or commit its financial obligations and contracts, all he/she cares about is the price and sometimes the quality, their bad economic situations have led them to think this way.
- Companies are supposed to commit their social responsibilities whether the ethical or the legal ones since these are issues either mandated by law or specified by business ethics and companies are aware of keeping their records clean and legal to avoid any future litigations or problems and to protect their

reputation not to increase their profits. Whereas the voluntary social practices of some of these listed companies such as PALTEL and PADICO are considered duties they must commit towards their community since they are part of this community who suffered a lot during the last five years ranging from the invasions, to the elections followed by the severance of donations from donor countries and international organization, ended by the war on Gaza strip, all these led to increases in the poverty and unemployment rates, besides, these companies are leading ones and hard figures who are watched by the audience who expects a lot from them. These voluntary practices might not increase their profitability in the short-term due to the stronger overwhelming political reasons as Campell (2007) proposes " Corporations will be less likely to act in socially responsible ways where they are operating in a relatively unhealthy economic environment where the possibility for near-term profitability is limited " For instance, when inflation is high, productivity growth is low, it appears that it will be relatively difficult for firms to turn a healthy profit in the near term, exactly the same as our Palestinian economy and then they will be less likely to behave in socially responsible ways, this can be an evidence that these voluntary practices aims first and foremost to support their community but there is no doubt that they will enhance their reputation ,increase their market share, and customers' loyalty which is in the long- term-that is not the subject of this study- will lead to profitability.

- CSR may considered as a tool to gain a competitive advantage in case of high competition, but in our community, CSR leading companies have no competitors, such as PLATEL, this may support the claim that they practice voluntary activities to support their community, first and foremost ,regardless of any financial benefits that they may accrue. This may be evidenced by what Campbell (2007) has proposed that" Corporations will be less likely to act in socially responsible ways if there is too little competition in situations where competition is nil, a corporation may have little interest in using philanthropy to enhance its competitive advantage to improve its long-term financial performance, since its stakeholders, e.g., customers or suppliers, have few alternatives"

- The economic and political pressures of life have affected the psychological side and the way Palestinian people think, they became more negative, they do not believe in change, they just want to live their lives, they don't have that peace to think of issues such as CSR, Or supporting CSR companies.
- Lack of awareness concerning social responsibility ,consumers are not aware of the importance of this topic, and the importance of supporting socially responsible companies to distinguish them from other irresponsible ones. Investors also lack this awareness, when investing in a firm they do not consider its social record, all they care about is its share price.
- socially responsible companies towards workers may increase their loyalty and productivity ,or a socially responsible company that provide services may increase its customers , but there are always some stronger reasons that devastate the rules of the game ,that all pour into one reason, that is, the political and economic instability that lessens the firm's profitability

Webb and Nelling's (2006) results disagreed with the current results, they suggested that corporate social responsibility and financial performance appear to be related when using traditional ordinary least squares (OLS) regression models. However, this relation is found to be much weaker when examined using a fixed effects Granger causality approach.

Orlitzky, Schmidt, and Reynes (2003) in their meta analysis also revealed that CSP is positively correlated with CFP, but CSP appears to be more highly correlated with accounting-based measures of CFP than with market-based indicators, and the relationship tends to be bidirectional and simultaneous, their results also revealed that CSP reputation indices are more highly correlated with CFP than are other indicators of CSP

4.1.4 Minor question four: Are there any differences in the respondents' answers regarding the application of CSR in listed companies in PSE according to the year of establishment, firm size (expressed by firm's capital and number of employees), sector, CSR motive, CSR application in the organization structure, manager's experience, manager's educational level, and Manager's specialization?

To find out whether there are differences in the respondents' answers regarding the

degree of applying corporate social responsibility in listed companies in PSE, means for the answers of the population members were retrieved according to the variables previously mentioned in the above question as follows:

1.4.1.4 Are there any differences in the respondents' answers regarding the application of CSR in listed companies in PSE due to the year of establishment?

Means for the respondents' answers regarding the application of CSR due to the year of establishment variable were retrieved, see table (13.4)

Table (13.4)

Means for the respondents' answers regarding the application of CSR due to the year of establishment

Year of establishment		Total degree of CSR	Responsibility towards workers	Responsibility towards environment	Responsibility towards market place	Responsibility towards community
Before 1990	Mean	3.2260	3.2174	2.4375	4.4412	2.7024
	Number	5	5	5	5	5
	Standard Deviation	.51371	.40320	.88290	.14804	.75930
Between 1990-2003	Mean	3.7397	3.6903	3.1504	4.3863	3.6072
	Number	112	112	112	112	112
	Standard Deviation	.45420	.38741	.92955	.17166	.66744

Results in table (13.4) revealed that:

1. There are differences in the total degree of applying CSR due to the year of establishment for the newer interest. Listed companies that were established before (1990) have less social responsibility with mean (3.23) than those established between (1990-2003) with mean (3.74). This result is consistent with those of Cochran and wood (1984) who confirmed that the Average age of corporate assets is found to be highly correlated with social responsibility ranking, justifying this in three points, one possible explanation is that firms with older assets constructed plants in a period when regulatory constraints were less

severe than they are today. Another explanation is that older firms may possess less flexibility in adapting to social change. Management of "older" firms may simply be less responsive in both business and social dimensions than management of "younger" firms. And finally the type of managers that "old" firms attract may differ from those attracted by "young" firms. The researcher is totally agree with Cochran and wood's opinion and she thinks that managers of younger firms are more likely to adapt the new theories or trends in business and rely on them as means to grow up and invade the market than those of the older firms who relies more on their originality and early existence in the market.

2. Responsibility towards marketplace was higher in older companies with mean (4.44), may be because the concept of responsibility towards marketplace carries dimensions in the core of any business not luxury ones, besides the long experience needed to deal with customers, suppliers and competing firms.

2.4.1.4 Are there any differences in the respondents' answers regarding the application of CSR in listed companies in PSE due to the capital?

Means for the respondents' answers regarding the application of CSR due to the capital variable were retrieved, see table (14.4)

Results in table (14.4) revealed that

1. There are differences in the total degree, and the degrees of the four areas of applying CSR due to the capital, where companies with capital more than (50\$ million) have more social responsibility with mean (4.14) than companies with capital between (10-50\$) million with mean (3.46) which in turn have more responsibility than those with capital less than 10 \$ million with mean (3.19). From the researcher point of view more capital means more wealth in the form of money or properties, which means more transactions, more involvement in society. Let us explain this more simply, as a person grows his/her responsibilities grow, and people expect more from him/her. Exactly as companies As much as they grow in terms of capital, resources including human resources, they'll become a hard figure that will be watched by the audience whose expectation form these companies will raise. These companies must work

hard to satisfy the audience including all their stakeholders, so as to meet their expectations and enforce their images and reputations

Table (14.4)

Means for the respondents' answers regarding the application of CSR due to capital

Capital		Total degree of CSR	Responsibility towards workers	Responsibility towards environment	Responsibility towards market place	Responsibility towards community
Less than 10\$ million	Mean	3.1938	3.3652	1.9417	4.3294	2.8024
	Number	20	20	20	20	20
	Standard Deviation	.26452	.24327	.53057	.22854	.45551
From 10-50\$ million	Mean	3.4630	3.4318	2.5928	4.3663	3.2630
	Number	44	44	44	44	44
	Standard Deviation	.36133	.38197	.48731	.18334	.63378
More than 50\$ million	Mean	4.1367	3.9918	4.0157	4.4284	4.1285
	Number	53	53	53	53	53
	Standard Deviation	.07913	.13321	.24022	.12120	.14635

According to Tsoutsoura (2004) The Size of the firm is an important factor, since larger firms seem to adopt the CSR principles more often, as they grow; firms attract more attention from stakeholders.

Consistent with this result, Those of Alagha (2007), which revealed that there are intrinsic differences in the application of CSR between industrial companies in Gaza strip due to their products' nature, firm size whether expressed by number of employees or capital, while there are no differences in the application of CSR due to the degree of competition companies are objected to.

3.4.1.4 Are there any differences in the respondents' answers regarding the application of CSR in listed companies in PSE due to number of workers?

Means for the respondents' answers regarding the application of CSR due to the number of workers variable were retrieved, see table (15.4)

Results in table (15.4) revealed that:

1. There are differences in the total degree and the degrees of the four areas of applying CSR in listed companies due to the number of workers for the interest of those with number of workers more than (200) with mean (3.91), followed by companies with number of workers between (100-200) with mean (3.39), then those with number of workers less than (100) with mean (3.16).

Table (15.4)

Means for the respondents' answers regarding the application of CSR due to the number of workers

Number of workers		Total degree of CSR	Responsibility towards workers	Responsibility towards environment	Responsibility towards market place	Responsibility towards community
Less than 100	Mean	3.1636	3.3708	2.2647	4.2491	2.5714
	Number	17	17	17	17	17
	Standard Deviation	.35030	.35426	.45856	.27866	.50899
From (100-200)	Mean	3.3919	3.6014	2.1065	4.3497	3.1217
	Number	18	18	18	18	18
	Standard Deviation	.38477	.39828	.82881	.12676	.41263
More than 200	Mean	3.91045	3.7529	3.5284	4.4254	3.8844
	Number	82	82	82	82	82
	Standard Deviation	.35815	.37563	.71923	.13068	.48769

2. Results revealed that companies with the largest number of workers seemed to be more socially responsible, although more workers means more expenses and costs, but it also means expansion, more involvement in the market and more operations .The researcher has previously mentioned that as much as companies grow in terms of capital, including human capital, their stakeholders' expectations including their workers will become higher, companies need their skillful workers, they must behave responsibly towards them to meet their expectations and retain them. Motivating workers in any facet leads them to be more, productive and loyal. Also being a company with social responsibility reputation

towards its workers is considered a way to attract new talented and skillful workers. Recent surveys indicate that corporate social responsibility is increasingly an important factor in attracting and retaining a talented and diverse workforce. (Brine et al., 2007)

4.4.1.4 Are there any differences in the respondents' answers regarding the application of CSR in listed companies in PSE due to the sector?

Means for the respondents' answers regarding the application of CSR due to the sector variable were retrieved, see table (16.4)

Results in table (16.4) revealed that:

1. The total degree of applying CSR and the degrees of responsibility towards workers, environment and community were the highest in the service sector with mean (4.0829) for the total degree, followed by the banking sector with mean (3.48), the insurance sector with mean (3.30), the industry sector with mean (3.27) and finally the investment sector with mean (3.23).
2. The service followed by the Banking sector come first, In general profit margin in sectors that provide services to audience such as the banking, and service sectors is higher than that of the industry sector, because the former sectors do not incur high costs as the industry one whose costs are greater since there are machines, production, maintenance, inventory, transportation and other activities, while the former sectors incurred only administrative costs. In addition, sectors such as the banking and service are distinguished in their direct interaction with audience; this creates more rooms for social responsibility, since this audience is the reason behind their existence. Also it will worth economically to provide extra benefits to workers in these two sectors since the number of workers in such sectors is high, this is consistent with the result in part (3.4.1.4) of this question which revealed that as much as the number of workers in a company increases, its social responsibility will also increase .While in sectors such as the insurance the number of workers is not that high, so providing extra benefits to them will not be economically justified. This doesn't mean that the insurance sector is not socially responsible; it is only that there are more rooms for the service and banking sectors to behave responsibly. the insurance sector's

responsibility towards community do not exceed supporting charitable institutions or sponsoring cultural, health or sport activities to perform their duty towards their community and enhance their images, their responsibility towards market place is for their best interests. The social responsibility of the banking sector towards its workers is also justified in its attempts to retain them, since the experience in such sectors is very important. Also training workers in such sectors that required accuracy is very important.

3. Responsibility towards marketplace was the highest in the industry sector, although its total degree of social responsibility was low due to the low net profit margin of the industrial companies since they incurred higher costs than any other sector .from the researcher point of view; suppliers as well as customers are very important stakeholders to the industrial companies, especially suppliers. Suppliers are the first ring in the manufacturing supply chain, keeping good relations with them are very important to guarantee a smooth flow of the rest of the chain until setting prices that satisfy their customers. In the industrial sector also there is a room for more application of the returning goods principle, and the average age of the industrial companies is higher than that of other companies in other sectors, this result is consistent with that in part (1.4.1.4) of this question which revealed that responsibility towards market place was the highest in older companies, that is companies established before 1990, these companies were the industrial ones. This result was justified by the high experience and commercial cleverness needed to deal with merchants and competitors.

The results of Elyan (1994) are consistent with the current results in only one aspect, that is the high contribution of the service sector of Amman securities exchange in CSR, and extremely contradict with them in that the industry sector of Amman securities exchange seemed to be highly responsible, while the industry sector in PSE wasn't that responsible, also his results revealed low degree of social responsibility of the insurance and banking sectors of Amman securities exchange, While these sectors have got higher degrees in applying CSR in PSE.

While Curran (2005) found out that those companies in the energy, auto, consumer staple, integrated oils, materials and processing, and utilities sectors are more likely to

fail the screen(selecting a company for inclusion in socially responsible funds based on a company's social and environmental record) than companies in the non-polluting sectors such as healthcare, financial services and technology.

If we want to discuss the above results in the light of results in question two and three concerning profitability status and correlation between CSR and profitability we'll find that:

1. The insurance sector is the most profitable sector but it is not the most responsible one
2. The service and banking sectors are the most responsible ones and their profitability status is good ;
3. The industry sector is the least profitable sector, and it is also the least responsible one.
4. The investment sector is a profitable sector but it's social responsibility is low, although PADICO which is an investment company is a socially responsible one. But when its socially responsible efforts are aggregated with the efforts of other investment companies the whole sector seemed to be the least responsible sector.

From the above we'll notice that some sectors are profitable but not that socially responsible, this support the result of question three that encompasses no correlation between CSR and profitability. The researcher believes that there are many other factors control the application of CSR other than profitability such as the firm size (capital and number of workers),type of product /service provided, and above all the privacy of our Palestinian community and its difficult circumstances that made it a duty on these companies to contribute regardless of their profitability, but there is no doubt that these contributions differ from one company to another according to their profitability.

Table (16.4)

Means for the respondents' answers regarding the application of CSR due to the sector

sector		Total degree of CSR	Responsibility towards Workers	Responsibility towards environment	Responsibility towards market place	Responsibility towards community
Banking	Mean	3.4799	3.4198	2.5833	4.3387	3.3629
	Number	29	29	29	29	29
	Standard Deviation	.20563	.15207	.38058	.16612	.52418
Investment	Mean	3.2295	3.1087	2.5833	4.3971	2.7857
	Number	4	4	4	4	4
	Standard Deviation	.85067	.74168	1.06719	.25584	1.36111
Industry	Mean	3.2740	3.2609	2.4792	4.5441	2.7143
	Number	5	5	5	5	5
	Standard Deviation	.15818	.20700	.55015	.08824	.05499
Insurance	Mean	3.2972	3.4159	2.0725	4.3606	3.0062
	Number	23	23	23	23	23
	Standard Deviation	.22983	.13486	.50709	.22031	.38158
Service	Mean	4.0829	3.9764	3.9108	4.4128	4.0309
	Number	56	56	56	56	56
	Standard Deviation	.30697	.29144	.51776	.13995	.46817

5.4.1.4 Are there any differences in the respondents' answers regarding the application of CSR in listed companies in PSE due to the CSR motive?

Means for the respondents' answers regarding the application of CSR due to the CSR motive variable were retrieved, see table (17.4)

Table (17.4)

Means for the respondents' answers regarding the application of CSR due to the CSR motive

CSR motive	Total	Responsibility	Responsibility	Responsibility	Responsibility
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		degree of CSR	towards Workers	towards environment	towards market place	towards community
Profit	Mean	3.5096	3.4261	2.7167	4.5353	3.2238
	Number	10	10	10	10	10
	Standard Deviation	.04557	.09570	.21588	.08061	.18244
Support the image	Mean	3.8168	3.7332	3.3362	4.3938	3.7159
	Number	59	59	59	59	59
	Standard Deviation	.46778	.40007	.88368	.15687	.72272
Altruism	Mean	3.5522	3.6481	2.6745	4.3585	3.2961
	Number	32	32	32	32	32
	Standard Deviation	.52957	.45108	1.08227	.21359	.72861
Others	Mean	3.8459	3.6631	3.5105	4.3346	3.8423
	Number	16	16	16	16	16
	Standard Deviation	.10006	.14513	.16517	.10428	.19551

Results in table (17.4) revealed that:

1. There are differences in the total degree of applying CSR due to the motive, companies whose motivations were to support their images and altruism are the most responsible with mean (3.85), followed by those who aimed only to support their image (3.81) and then by those who applied it for altruism (3.55), companies that were motivated by profit are the least responsible with mean (3.50). The researcher believes that the Palestinian listed companies do not apply CSR to gain profits, especially in the short- term, their duty force them to do so, because they are extremely aware of the unhealthy economic environment that prevent such a strategy from achieving profits, only a minority believed that CSR can lead to profits, this minority represented only (8%) of the population and it is not that responsible.
2. Companies that were highly responsible towards environment and community were motivated by altruism and supporting their images, the researcher thinks that this is a logical result since behaving responsibly towards a community such

as the Palestinian one must be for altruism -that will in the long-run contribute to their market share - since there is no room for other purposes such as profitability especially in the short run. Whereas companies that were highly responsible towards their workers were motivated by supporting their images, may be to attract talented workforce. While those who were highly responsible towards market place were motivated by profit, since market place is the place where companies sell, buy and gain profits.

According to Waddock and Graves (1997), meeting Stakeholder expectations before they become problematic indicates a proactive attention to issues that otherwise might cause problems or litigation in the future. In other words being socially responsible to avoid future litigations.

6.4.1.4 Are there any differences in the respondents' answers regarding the application of CSR in listed companies in PSE due to the CSR application in the organization structure?

Means for the respondents' answers regarding the application of CSR due to the CSR application in the organization structure were retrieved, see table (18.4)

Results in table (18.4) revealed that:

There are differences in the total degree of applying CSR due to how it is applied in the organization structure. companies with permanent department apply CSR the most (3.85), followed by those applying it through permanent committee with means (3.69). Companies where CSR is the responsibility of an individual manager have lower mean (3.2232), and companies that have no particular way for applying CSR got the mean (3.14).the researcher thinks that specialization in doing business is very important to the success of any mission, applying CSR through a specialized department, is better than applying it through a committee or by an individual manager who is busy in managing his company, delegating the issue of social responsibility to a specialized department is more systematic and for the company's best interest, it will have its own manager, policy, guidelines and workers whose sole purpose to work on social responsibility, generate ideas, arrange them, with previous studies and specific budget, then presenting them to the top level management for

approval. Still applying CSR through a permanent department is better than applying it through a committee, members of the committee may have a variety of tasks to accomplish, they won't be able to focus on only one mission, Committees will be enough and good in situations where companies are not considering CSR on a continuous basis, while companies such as PALTEL who adopt CSR in its activities on a continuous basis, a department is necessary.

Table (18.4)

Means for the respondents' answers regarding the application of CSR due to how it is applied in the organization structure

CSR application in organization structure	Total degree of CSR	Responsibility towards Workers	Responsibility towards environment	Responsibility towards market place	Responsibility towards community	
Individual manager	Mean Number Standard Deviation	3.2232 17 .48937	3.2276 17 .432200	2.3873 17 .514500	4.3875 17 .294160	2.7535 17 .77942
Permanent department	Mean Number Standard Deviation	3.8506 77 .43744	3.8255 77 .28231	3.3700 77 1.01562	4.3820 77 .14261	3.7223 76 .62865
Permanent committee	Mean Number Standard Deviation	3.6849 22 .20142	3.5138 22 .38903	2.8902 22 .38780	4.4064 22 .13933	3.7424 22 .19970
Others	Mean Number Standard Deviation	3.1370 1 3.2232	3.1304 1 3.2276	2.0833 1 2.3873	4.4706 1 4.3875	2.6667 1 2.7535

7.4.1.4 Are there any differences in the respondents' answers regarding the application of CSR in listed companies in PSE due to the manager's experience?

Means for the respondents' answers regarding the application of CSR due to manager's experience were retrieved, see table (19.4)

Results in table (19.4) revealed that:

1. There are differences in the total degree and the degrees of applying CSR towards workers, environment and community due to the manager's experience, for the interest of managers with experience less than (5) with mean (4.14) that is; they adopt CSR principles more often, followed by those whose experience ranging from (5-10) years with mean (3.77), and finally by those with the highest experience mean (3.56). The researcher thinks that the culture, way of thinking, and the enthusiastic spirit differ between different generations. From the researcher point of view fresh managers or managers with low experience are more willing to adopt the new trends or theories in business, more willing to adapt to changes than the older managers.

Table (19.4)

Means for the respondents' answers regarding the application of CSR due to the manager's experience

Experience		Total degree of CSR	Responsibility towards Workers	Responsibility towards environment	Responsibility towards market place	Responsibility towards community
Less than 5 years	Mean	4.1447	3.9891	4.0885	4.3750	4.1607
	Number	16	16	16	16	16
	Standard Deviation	.06023	.09592	.12349	.11135	.10415
From (5-10)	Mean	3.7777	3.7421	3.2083	4.3971	3.6407
	Number	44	44	44	44	44
	Standard Deviation	.44406	.37135	.97754	.15851	.62700
More than 10 years	Mean	3.5607	3.5332	2.7924	4.3849	3.3626
	Number	57	57	57	57	57
	Standard Deviation	.46107	.40467	.82693	.19385	.72541

This result contradicts with Alagha's (2007) who indicated no differences in the application of CSR in industrial companies in Gaza strip due to the managers' experience.

2. There are also differences in the degree of applying CSR towards market place but it

is for the interest of managers with experience ranging from (5-10) years. From the researcher point of view the art of dealing with suppliers, customers and competitors needs experience and involvement in market more than needing science and new theories of business.

8.4.1.4 Are there any differences in the respondents' answers regarding the application of CSR in listed companies in PSE due to the manager's specialization?

Means for the respondents' answers regarding the application of CSR due to the manager's specialization were retrieved, see table (20.4)

Results in table (20.4) revealed that:

1. Companies managed by managers specialized in marketing (4.04) are more socially responsible than those managed by managers with other specializations such as business administration (3.79), finance (3.60) and accounting (3.53) .the reason may due to marketing people awareness of CSR as a marketing approach. 50% of the population considered supporting the images of their companies as the motive to adopt CSR. CSR works on enhancing the image and reputation of any company, attracting customers, suppliers and talented workers, but managers must always be aware of the means needed to disclose their social activities and take advantage of advertising to market their companies.
2. Responsibility towards marketplace is the highest in companies managed by managers with other specialization such as chemical engineering, from the researcher point of view responsibility towards market place as I previously mentioned depends more on experience whatever the specialization is.

Table (20.4)

Means for the respondents' answers regarding the application of CSR due to the manager's specialization

Manager's specialization		Total degree of CSR	Responsibility towards Workers	Responsibility towards environment	Responsibility towards market place	Responsibility towards community
Business administration	Mean	3.7901	3.7477	3.2798	4.3792	3.6514
	Number	56	56	56	56	56
	Standard Deviation	.51506	.42644	1.02142	.18901	.73844
Accounting	Mean	3.5337	3.4537	2.6667	4.3887	3.4244
	Number	23	23	23	23	23
	Standard Deviation	.42029	.37236	.69222	.16133	.73476
Marketing	Mean	4.0381	3.9179	3.8981	4.4575	3.9101
	Number	9	9	9	9	9
	Standard Deviation	.18093	.21569	.35789	.10094	.32072
Finance	Mean	3.6027	3.5830	2.8864	4.3449	3.4329
	Number	22	22	22	22	22
	Standard Deviation	.36910	.26924	.82598	.14556	.58891
Others	Mean	3.7671	3.7826	3.1667	4.5042	3.4966
	Number	7	7	7	7	7
	Standard Deviation	.41134	.40709	.91160	.14748	.64115

9.4.1.4 Are there any differences in the respondents' answers regarding the application of CSR in listed companies in PSE due to the manager's educational level?

Means for the respondents' answers regarding the application of CSR due to the manager's educational level were retrieved, see table (21.4)

Results in table (21.4) revealed that there are almost no differences in the total degree and the degrees of the four areas of applying CSR due to the manager's educational level.

Table(21.4)

Means for the respondents' answers regarding the application of CSR due to the manager's

educational level

Manager's educational level		Total degree of CSR	Responsibility towards Workers	Responsibility towards environment	Responsibility towards market place	Responsibility towards community
Bachelor and less	Mean	3.7179	3.6709	3.1307	4.3884	3.5622
	Number	88	88	88	88	88
	Standard Deviation	.46602	.39744	.94398	.17145	.69563
More than bachelor	Mean	3.7350	3.6837	3.1121	4.3874	3.6190
	Number	29	29	29	29	29
	Standard Deviation	.46354	.39711	.91701	.17115	.67127

The researcher thinks that applying CSR is something not correlated to the educational level, since managers are not specialized in CSR, they have different specializations whatever their educational level, and CSR is something they learn by the market or by other companies whether in their own region or other regions.

This result agrees with Alagha's (2007) that indicates no differences in the application of CSR in the industrial companies in Gaza strip due to the managers' educational level.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

1.5 Introduction

1.6 Summary of findings

1.7 Conclusions

1.8 Recommendations

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

1.5 Introduction

This chapter will exhibit the findings of this study, by answering its questions as follows.

1.6 Summary of findings

1.1.6 Findings of the first question: To What extent corporate social responsibility (CSR) is being applied in listed companies in (PSE) mainly in the following fields: responsibility towards employees, environment, marketplace and community?

Results of the first question revealed the following:

1. High level of commitment in corporate social responsibility in listed companies in Palestine securities exchange (PSE).
2. The social responsibility of listed companies were the highest towards marketplace (including customers, suppliers and competitors), followed by responsibility towards workers, responsibility towards community and finally towards environment.
3. Listed companies in PSE are highly meeting their legal and ethical responsibilities towards market place, that both together meet their social one
4. Listed Companies are highly responsible towards workers, and they are more legally and ethically responsible towards them, than voluntarily.
5. Listed companies are highly ensuring a comprehensive health insurance, training and evaluating their workers' performances.
6. Listed companies rarely establish residential projects for their workers, provide scholarships for their superlative children, and ensure transportation or nursery houses for working mothers' babies.
7. Listed Companies are moderately responsible towards community, mostly through financial and non- financial donations, offering training opportunities, purchasing locally, sponsoring, contributing in disasters and helping in solving the unemployment issue.
8. Listed companies' responsibility towards environment meets only their minimum obligations towards it that is not polluting the environment.
9. Listed companies in PSE give more attention to the legal and ethical parts of social responsibility in all areas, than the discretionary one. In other words they

meet their minimum obligations towards workers, environment, community and marketplace.

2.1.6 Findings of the second question: What is the profitability status of listed companies in Palestine securities exchange (PSE)?

Results of the second question showed:

- 1 The insurance sector is the most profitable sector in terms of ROE, EPS, and net profit margin, while the investment sector is the most profitable in terms of ROA, but the banking sector is the most profitable in terms of MSP.
- 2 The insurance sector's profitability indicators are all above listed companies' averages.
- 3 The banking sector's EPS, MSP and net profit margin, are above the listed companies' averages.
- 4 The service sector's ROA, EPS, and net profit margin are above the listed companies' averages.
- 5 The industry sector's profitability indicators are all below the listed companies' averages except the net profit margin
- 6 The investment sector's profitability indicators are all above the listed companies' averages except EPS
- 7 The industry sector is the least profitable sector, while the most profitable one is the insurance.
- 8 PLATEL Company is the most profitable company at the level of all listed companies in terms of ROA, ROE, EPS, while Alahlia group is the most profitable in terms of net profit margin, and Palestine investment bank is the most profitable in terms of MSP.

3.1.6 Findings of the third question: What is the relationship between being socially responsible and the profitability of the listed companies in (PSE) measured by (ROA, ROE, EPS, net profit margin, and MSP)?

Findings of the third question revealed the following:

1. No correlations were detected between CSR and the listed companies' profitability during the interval (2004-2008) measured by (ROA, ROE, EPS, net profit margin and MSP), that is; applying CSR doesn't affect positively or

negatively on firm's profitability

4.1.6 Findings of the fourth question: Are there any differences in the respondents' answers regarding the application of CSR in listed companies in PSE according to the year of establishment, firm size (expressed by firm's capital and number of employees), sector, CSR motive, CSR application in the organization structure, manager's experience, manager's educational level, and Manager's specialization?

findings showed the following:

1. Listed companies that were established between (1990-2003) have more social responsibility than those established earlier, except in the field of responsibility towards marketplace
2. As much as the firm size increases in terms of capital and number of workers as much as its social responsibility increases.
3. Total degree of social responsibility, and the degree of responsibility towards workers, environment, and community are the highest in the service sector, followed by the banking, the insurance, the industry and finally by the investment sector.
4. Responsibility towards market place is the highest in the industry sector.
5. The service, banking and insurance sectors are responsible sectors and they are profitable ones, while the industry sector is a sector with low responsibility and low profitability, also the investment sector is the least responsible but it is profitable, this support the findings that revealed no correlation between CSR and profitability.
6. CSR motive for most listed companies were enhancing their images and altruism, only a minority was motivated by profit
7. Listed companies that are motivated by altruism and supporting the images of their companies are the most responsible companies followed by those who want only to support their images, then by those who apply CSR for altruism, and finally by those who seek profits.
8. Listed companies that are highly responsible towards market place are motivated by profit.
9. Listed companies that apply CSR through a permanent department are more

- socially responsible than those applying it through a committee or an individual manager
10. Companies managed by managers with low experience are more socially responsible than those managed by managers with higher experience in all fields except in the field of responsibility towards marketplace.
 11. Companies managed by managers specialized in marketing are more socially responsible towards workers, community and environment than those managed by managers with other specializations such as business administration, accounting or finance ,while those managed by managers with specializations other than all those mentioned above ,such as electric engineering are more socially responsible towards marketplace.
 12. There are no differences in the total degree of applying CSR in listed companies in PSE due to the educational level

2.5 Conclusions:

Based on the findings , the researcher has arrived to the following conclusions:

1. The high degree of the listed companies' social responsibility is due to their commitment in the ethical and legal behaviors towards workers, environment, marketplace and community.
2. Achieving profits and maximizing it is the core purpose of any business, this is why responsibility towards marketplace is the highest, since market is the place where companies sell and buy and make profits.
3. Ensuring a comprehensive health insurance, training and evaluating workers' performance are things listed companies afford to do and they are in their best interests first and foremost, while other voluntary activities such as establishing residential projects, nursery houses, or transportation need more expenditure.
4. Listed companies' duty towards their community force them to behave responsibly towards it mostly through financial and non-financial donations, offering training opportunities, or purchasing locally, only a minority is capable on participating in huge projects such as infrastructure ones.
5. The absence of awareness in issues concerning environment and sustainable

development, although there are laws in Palestine concerning the environment, but these laws seemed to be inactive, or neglected.

6. Listed companies' social responsibilities towards workers, environment, market place and community meet only their minimum obligations towards them, to avoid future problems or litigations with them ,while the discretionary part of social responsibility has got lower degrees in all fields due to its voluntary nature.

7. Dealings in the marketplace need experience more than science or theories because of this, results of responsibility towards market are for the interest of the industrial companies that were established earlier and managed by high experienced managers.

8. The net profit margin in sectors such as the insurance, service, banking and investment sectors is higher than that in the industry sector due to low costs incurred by the former sectors, only administrative costs are incurred ,while costs in the industry sector are higher since there are machines, production, maintenance, inventory, transportation and other activities

9. Sectors such as the service and banking are more socially responsible than others since such sectors have more rooms to apply CSR, their higher number of workers, the importance of experience ,their direct interaction with audience and their higher profit margin.

10. CSR and profitability are not correlated ,in other words it is not necessary that those who are socially responsible will gain profits or those who are profitable will apply CSR .due to the moderate variables that interrupt the natural flow of this relationship, these variables are the political and economic instability that definitely has affected the economic status of companies and consumers, besides the lack of awareness by investors and consumers of CSR and its importance and role.

11. Older listed companies while doing their business depend on the classical approach, their experience and early existence in the market such as the industrial companies, whereas younger companies are more willing to adapt to changes.

12. As companies grow they attract more attention, their stakeholders' expectations will rise, so companies must work hard to meet their stakeholders' expectations.

13. As the number of workers in a company grows, it becomes more economically justified to provide them with extra benefits or facilities, such as transportation,

residential projects or nursery houses. Besides that their workers' expectation will raise and they must work to meet their expectations.

14. The longer age, the greater experience and the importance of the supply chain in the industrial sector yields greater responsibility towards marketplace.

15. Large corporations are behaving responsibly to support their images and community that needs assistance in the middle of the difficult circumstances it went and still going through which is in the long run will increase their market share, customers' loyalty and thus profitability.

16. Specialization in doing business is the key to the success of any mission, that's why companies with CSR permanent department are more socially responsible than others.

17. Fresh managers or those with low experience are more enthusiastic ,more willing to adapt to changes and adopt the new trends and theories of business such as CSR

18. CSR is a marketing approach; this is why companies managed by marketing managers are more socially responsible towards workers, community and environment, while responsibility towards marketplace relies more on experience and long existence in the market rather than using CSR as a marketing approach

3.5 Recommendations:

Based on the foregoing conclusions, the researcher has come out with the following recommendations:

1.3.5 Recommendations for corporations:

The researcher recommends the following:

1. Large companies with good profitability indicators and a good social record must move to the next step of social responsibility. That is offer more voluntary projects to their communities and workers, either separately or by cooperating with other large companies to improve the social welfare of the workforce and contribute in the community development. Huge projects may include participating in infrastructure projects, establishing residential projects for workers, and nurseries for working mothers' children. Cooperation is

recommended in such cases to bear the costs associated with such projects and to give a chance to companies who do want to make something to the community but their humble financial status doesn't allow them to do so.

2. Companies may offer more benefits to their workers such as :

- Grant them a percentage of profit each year;
- helping those who are getting married
- Helping workers who want to travel for al hajj or Alomra.
- Awarding them by arranging journeys to foreign countries

These issues will motivate workers, push them to be more productive and loyal to their companies, besides a CSR reputation towards workers will attract talented workforce.

3. For corporations who don't already have a box for corporate social responsibility, it is good to have one, or to specify a percentage of the budget for voluntary social activities.

4. All companies – regardless of size or sector can help to reduce the negative environmental impacts by reducing energy consumption, Minimizing waste and by recycling materials. Even modest improvements can make a profound difference when aggregated with the efforts of other businesses. Not only industrial companies can recycle any sector, any person can be a friend of the environment, so companies must play a role in this area and encourage their workers to be a pioneer, so this will be reflected on their own lives. For example each company can buy different containers for recycled garbage and categorize them, for example one for papers, and another for water phials, and so on. But of course this requires another recycling specialized party to deal with.

5. Conducting sessions about CSR in universities and colleges to raise awareness in this area

2.3.5 Recommendations for legislation council:

The following are recommendations for legislation council:

1. Develop a specialized system for social accounting to distinguish between social companies and others, & then Grant privileges and facilities to those who voluntarily engage in CSR .for example, tax deduction.
2. Identify a CSR supportive philosophy at the country level through developing a national treaty encourages social groups to believe in serving the community
3. Developing new ways of measuring the reputation of companies and how people view these companies, by a group of specialists and academics, such as "reputation indices", or a measurement like the KLD for rating companies as social or not, since the measurement that has been used in this study to measure social responsibility depends on the views of the management not the audience who deals with them. Developing such a new ways will push these companies to compete with each others to be the best.
4. Put more restrictions on the companies' behaviors concerning the environment, by making the *Palestinian law No.(7) concerning the environment for the year 1999* active and applying its mentioned punishments when necessary.
5. Educating the audience about this issue through magazines, newspapers, or conferences, because as much they are more educated about CSR as much their expectations from what the companies could offer raise.

3.3.5 Suggestions for further researches:

Further researches are extremely needed, since the Arabic literature in general and the Palestinian one particularly lack in this area while the English literature is flourishing.

1. More researches concerning CSR and its relation to financial performance can be made on other sectors rather than the listed companies. such as the public sector
2. Future researches can be made on the same sector that is; listed companies but involving more companies, since this study was restricted to the availability of financial information of only (17) company, involving larger number of listed companies will give more accurate results.
3. Studying this issue from other points of views, the stakeholders' views (customers, suppliers, government, & investors) since the current study reflects the point of views of managers who usually tend to give a positive picture about their companies.

4. Studying CSR and its relation to other variables such as, customer satisfaction, attracting talented employees, reputation, and many other variables.

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2. APPENDICES

Appendix (1): The Arabic questionnaire

Appendix (2): The English questionnaire

Appendix (3): List of references

Appendix (4): List of all listed companies

Appendix (5): Listed companies excluded from the population

Appendix (6): Population of the study

Appendix (7): Values of the five profitability measures during the interval (2004-2008) for each company

Appendix (1): The Arabic questionnaire:

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

استبانة

موجهة للشركات المدرجة في سوق فلسطين المالي

السادة المدراء المحترمون

تحية و احتراماً و بعد :

تأتي هذه الاستبانة ضمن دراسة علمية بعنوان "واقع تطبيق المسؤولية الاجتماعية* للشركات المدرجة في سوق فلسطين للأوراق المالية و علاقته بالربحية".و ذلك استكمالاً لمتطلبات درجة الماجستير في إدارة الأعمال من جامعة الخليل في فلسطين تحت إشراف الدكتور سمير أبو زنيد.

لذا أرجو من حضرتكم قراءة فقرات هذه الإستبانة و الإجابة عليها بعناية،علما بأن المعلومات التي سندلون بها ستعامل بالسرية التامة و لن تستخدم إلا لأغراض البحث العلمي.

أشكر لكم حسن تعاونكم

الباحثة

رند"محمد بدر" فنون

Fax: 02-22208

* المسؤولية الاجتماعية للشركات: الالتزام المستمر من قبل الشركات بالتصرف أخلاقياً وقانونياً تجاه عاملها و السوق و البيئة المحيطة و المجتمع المحلي و المساهمة في نشاطات طوعية تجاههم للمساهمة في التطور الاقتصادي و تحسين نوعية الحياة للقوى العاملة و عائلاتهم و المجتمع ككل

الجزء الأول: بيانات عامة:
أرجو وضع رقم إجابتم داخل المربع في العمود الثاني من الجدول:

(أ) بيانات شخصية

1) التحصيل العلمي		1. بكالوريوس فأقل		2. أعلى من بكالوريوس	
2) التخصص العلمي		1. إدارة أعمال		2. محاسبة	
		5. اقتصاد		6. غير ذلك حدد ()	
3) عدد سنوات الخبرة في الوظيفة الحالية		1. أقل من 5 سنوات		2. من 5-10 سنوات	
3. أكثر من 10 سنوات					
ب) بيانات عن الشركة					
1) اسم الشركة:					
2) تاريخ التأسيس					
1. قبل 1990		2. من 1990-2003			
3) القطاع الذي تعمل فيه الشركة:		1. البنوك		2. الاستثمار	
		3. الصناعة		4. التأمين	
		5. الخدمات			
4) حجم الشركة firm size من حيث:					
رأس المال capital		1. أقل من 10 مليون دولار		2. من (10-50) مليون دولار	
		3. أكثر من 50 مليون دولار			
عدد العاملين		1. أقل من 100 عامل		2. من (100-200) عامل	
		3. أكثر من 200 عامل			
5) تطبيق المسؤولية الاجتماعية في الشركة من خلال:		1. مدير فردي		2. دائرة دائمة و مختصة	
		3. لجنة دائمة		4. غير ذلك حدد ()	
6) الحافز لتطبيق المسؤولية الاجتماعية في الشركة		1. وسيلة للربح		2. وسيلة لدعم صورة الشركة في المجتمع المحلي	
		3. التضامن الاجتماعي		4. غير ذلك وضح ()	

الجزء الثاني:

الفقرات التالية تتعلق بدراسة مدى تطبيق المسؤولية الاجتماعية في الشركات المدرجة في سوق فلسطين للأوراق المالية. يرجى وضع إشارة (X) في المربع الذي يتناسب مع وضعكم.

الرقم	الفقرة	درجة كبيرة جدا	درجة كبيرة	درجة كبيرة	درجة متوسطة	درجة ضعيفة	درجة ضعيفة جدا
المجال الأول: المسؤولية الاجتماعية تجاه العاملين:							
تحرص الإدارة على:							
1	تطوير مهارات عاملها من خلال تقييم الأداء						
2	تطوير مهارات عاملها من خلال وضع خطة تدريبية						
الرقم	الفقرة	درجة كبيرة جدا	درجة كبيرة	درجة كبيرة	درجة متوسطة	درجة ضعيفة	درجة ضعيفة جدا
3	المساواة بين العاملين بناء على الجنس						

					المساواة بين العاملين بناء على الأصل(مكان السكن:مدينة،قرية)	4
					المساواة بين العاملين بناء على العائلة	5
					تقديم مكافآت مالية للعاملين	6
					منح قروض للعاملين لديها	7
					منح مرتبات عادلة للعاملين	8
					توفير تأمين صحي شامل للعاملين	9
					إقامة مشاريع سكنية للعاملين	10
					تكافؤ الفرص عند التوظيف	11
					إشراك العاملين لديها في مناقشة المواضيع الهامة	12
					توفير بيئة عمل صحية كالتهووية الجيدة	13
					توفير ساعات عمل مرنة أثناء الدوام	14
					توفير تأمين صحي إضافي للعاملين	15
					تقديم منح تعليمية للمتفوقين من أبناء العاملين	16
					مساعدة العاملين المقبلين على الزواج	17
					تأمين دور حضانة خاصة بأبناء العاملات	18
					توفير إمكانية العمل من البيت	19
					معاملة عاملها باحترام عند التسريح لسبب ما	20
					معاملة عاملها باحترام عند نهاية الخدمة	21
					احترام سلوك العامل الأخلاقي المسئول كالتبليغ عن الممارسات غير المشروعة دون تعريضه للخطر	22
					تأمين المواصلات للعاملين	23
المجال الثاني:المسئولية الاجتماعية تجاه البيئة المحيطة						
تحرص الإدارة على:						
					المساهمة في مشاريع المحافظة على البيئة	24
					اقتناء وسائل ترشيد الطاقة	25
					امتلاك وسائل ترشيد المياه	26
					اعتماد آلية التدوير (recycling)	27
					عقد دورات تثقيفية للعاملين لديها حول المواضيع البيئية	28
					المشاركة بالمؤتمرات البيئية المحلية	29
					المشاركة بالمؤتمرات البيئية الدولية	30
الرقم	الفقرة	درجة كبيرة جدا	درجة كبيره	درجة متوسطة	درجة ضعيفة	درجة ضعيفة جدا
31	تثقيف الجمهور بالقضايا المتعلقة بالبيئة					

					مكافأة العاملين المتميزين في مجال الأنشطة البيئية	32
					إقامة علاقات تعاونية مع الحكومة فيما يتعلق بالبيئة	33
					تقديم تبرعات مالية لدعم القضايا البيئية	34
					المساهمة في عدم تلويث البيئة	35

المجال الثالث: المسؤولية الاجتماعية تجاه السوق (الزبائن و الموردين و الشركات الأخرى)						
تحرص الشركة على:						
					الأمانة في عقودها	36
					الأمانة في معاملاتها	37
					تسديد التزاماتها المالية في مواعيدها المحددة	38
					الإلتزام بالمنافسة المشروعة	39
					معالجة شكاوى الموردين	40
					إطلاع الموردين على احتياجاتها المستقبلية باستمرار	41
					التفاوض مع مورديها حول مواعيد التسليم	42
					التوصل إلى أسعار مرضية لها و لمورديها	43
					عادات المجتمع عند الدعاية لمنتجاتها/خدماتها	44
					وصف منتجها/خدماتها وصفا صادقا في الدعاية	45
					تعليم المنتجات بالطوابع (inserts) لتزويد المستهلك بالبيانات اللازمة	46
					أسعار مناسبة لزيائنها	47
					تزويد زبائنها بمنتجات/خدمات ذات جودة	48
					اعتماد مبدأ إرجاع البضاعة	49
					تزويد زبائنها بخدمة ما بعد البيع after sale service	50
					إرفاق منتجاتها برقم هاتفها لضمان حصولها على التغذية الراجعة	51
					معالجة شكاوى الزبائن	52

المجال الرابع: المسؤولية الاجتماعية تجاه المجتمع المحلي						
تحرص الشركة على:						
					عرض فرص تدريب لأفراد المجتمع المحلي كالخريجين الجدد	53
					مناقشة مواضيع مثيرة للجدل تتعلق بالشركة مع المجتمع المحلي	54
					تأمين مواردها من موردين محليين لتشجيع الصناعات المحلية	55
الرقم	درجة	درجة	درجة	درجة	الفقرة	
	كبيرة جدا	كبيرة	متوسطة	ضعيفة		
	جدا	ضعيفة	جدا	ضعيفة		
					إشراك عاملها في نشاطات المجتمع المحلي	56

					تقديم تبرعات نقدية للمؤسسات الخيرية	57
					تقديم تبرعات عينية للمؤسسات الخيرية	58
					تأمين منح تعليمية للمتفوقين	59
					تأمين منح للمحتاجين في المجتمع المحلي	60
					رعاية النشاطات الاجتماعية الثقافية	61
					رعاية النشاطات الاجتماعية الصحية	62
					رعاية النشاطات الاجتماعية الرياضية	63
					رفع مستوى التعليم في المجتمع المحلي بدعم المدارس	64
					إهمال البحث العلمي في الجامعات و المعاهد	65
					تجاهل فئات معينة في سوق العمل عند التوظيف كالمحتاجين	66
					دعم مؤسسات المجتمع المدني المهتمة بشؤون المرأة	67
					دعم مؤسسات المجتمع المدني المهتمة بشؤون الأطفال	68
					دعم مؤسسات المجتمع المدني المهتمة بشؤون الشباب	69
					دعم مؤسسات المجتمع المدني المهتمة بذوي الاحتياجات الخاصة	70
					المساهمة في حل مشكلة البطالة بإيجاد فرص عمل جديدة	71
					المساهمة في حالة الكوارث	72
					دعم بعض مشاريع البنية التحتية مثل تعبيد الطرق	73

ملاحظة: في حال رغبتكم في الحصول على ملخص لنتائج الدراسة، أرجو تزويدنا بالمعلومات التالية:

الاسم:-----

الهاتف:-----

البريد الإلكتروني:-----

أشكر لكم حسن تعاونكم

الباحثة:رند "محمد بدر" فنون

Appendix (2): The English questionnaire:

By the name of god

Questionnaire

Directed to listed companies in Palestine securities exchange

Dear respectful managers

This questionnaire comes within a study under the title "The reality of applying corporate social responsibility in listed companies in Palestine securities exchange and its relation to profitability" .And this is in partial fulfillment of the requirements of the master's degree in business administration from Hebron University under Dr. Samir Abuznaid supervision.

I hope that you will carefully read and answer this questionnaire's paragraphs, taking into account that your information will be treated in full secrecy and only for scientific research purposes.

Thanks for cooperation

Researcher

Rund bader fannoun

CSR: the continuous commitment of business to behave ethically and legally towards employees ,marketplace, community and the natural environment and contribute in voluntary activities towards them to participate in the economic development and improve the quality of life of the workforce as well as the local community and society at large.

Part one: general information:

Please put your answer number in the second column:

a) personal information							
1.scientific qualification		1.less than bachelor	2.bachelor	3.master	4.other specify ()		
2.specialization		1.business administration	2.accounting	3.marketing	4.finance	5.economy	6.other ()
3.years of experience in current job		1.less than 5 years	2.(5-10)years	3.more than 10 years			
b)Information about the company							
1.name							
2.year of establishment		1.Before 1990	2.from 1990-2003				
2.sector		1.banking	2.investment	3.industry	4.insurance	5.service	
3. firm size :							
-capital		1. less than 10 million\$	2.(10-50)million \$		3. More than 50 million \$		
- number of employees		1.less than 100 workers	2.from (100-200) workers		3.more than 200 workers		
4.applying CSR through		1.individual manager	2.permenant department	3.permenant committee	4.other specify()		
5.motive of application		1.for profit	2.for image	3.alturism	5.other specify ()		

Part two:

The following paragraphs related to measure the extent of applying corporate social responsibility I listed companies in PSE, please put (X) mark in the square that fit your answer:

Num.	Paragraph	Very high degree	High degree	neutral	Weak degree	Very weak degree
Aspect1:Responsibility towards employees:						
The management gives attention to :						
1	Developing its workers skills through performance evaluation					
2	Developing its workers skills through training					
3	Equity in treating workers on sex basis					
4	Equity in treating workers on origin basis (place of living)					
5	Equity in treating workers on family basis					
Num.	Paragraph	Very high degree	High degree	neutral	Weak degree	Very weak degree

		degree				degree
6	Presenting financial awards to its workers					
7	Granting loans to its workers					
8	Fair wages to its workers					
9	A comprehensive health insurance					
10	Residential projects for its workers					
11	Equal employment opportunities					
12	Empowering its workers in important issues					
13	A healthy work environment					
14	Flexible working hours					
15	Extra health insurance for workers					
16	Providing scholarships for workers' superlative kids					
17	Helping workers getting married					
18	Have a nursery for working mothers' babies					
19	The ability to work at home					
20	Treating its workers respectfully when lay off for some reason					
21	Treating its workers respectfully at the end of their service					
22	Respecting its workers ethical behaviors					
23	Insuring transportation for its workers					
Aspect 2: Responsibility towards environment:						
The management gives attention to :						
24	Participating in environmental projects					
25	Having means for preserving energy					
26	Having means for preserving water					
27	Recycling					
28	Conducting environmental sessions for its workers					
29	Participating in local environmental conferences					
30	Participating in international environmental conferences					
31	Educating audience about environmental issues					
Num.	Paragraph	Very high	High degree	neutral	Weak degree	Very weak

		degree				degree
32	Awarding workers participating in environmental activities					
33	cooperation with government in issues concerning environment					
34	donations for environmental projects					
35	Keeping the environment clean					
Aspect 3: Responsibility towards marketplace:						
The management gives attention to :						
36	Honesty in its contracts					
37	Honesty in its dealings					
38	Paying its financial obligations on time					
39	Fair competition					
40	Handling suppliers complaints					
41	Keeping suppliers aware of its future needs					
42	Negotiating with suppliers on delivery schedule					
43	Agreeing on fair prices for its suppliers and for it self					
44	The society's Habits when advertising					
45	Honesty when describing its product					
46	Labeling its product to provide people with needed information					
47	Adequate prices for its customers					
48	Providing a quality product					
49	Returning goods principle					
50	After sale service					
51	Providing a telephone number with its products for feedback					
52	Handling customers complaints					
Aspect 4: Responsibility towards local community:						
Management gives attention to:						
53	Offering training opportunities to local community members such as fresh graduates					
54	Discussing important issues concerning the company with the community					
55	Purchasing locally to encourage local industries					
Num.	Paragraph	Very high	High degree	neutral	Weak degree	Very weak

		degree				degree
56	Involving its employees in local community activities					
57	Presenting financial donations to charitable institutions					
58	Presenting non financial donations to charitable institutions					
59	granting scholarships for superlative students					
60	granting scholarships for needy people					
61	Sponsoring cultural activities					
62	Sponsoring health activities					
63	Sponsoring sport activities					
64	Raising education level by supporting schools					
65	Neglecting scientific research in universities					
66	Ignoring specific groups when recruiting such as needy people					
67	Supporting Social Institutions concerning women issues					
68	Supporting Social Institutions concerning children issues					
69	Supporting Social Institutions concerning youth issues					
70	Supporting Social Institutions concerning people with special needs					
71	Solving the unemployment issue through creating new job opportunities					
72	Contributing in disasters					
73	Participating in infrastructure projects					

Note: in case you want to know the results of this study, please provide us with the following information:

Name: -----

Tel. no.:-----

Email: -----

Thanks for cooperation

Appendix (3): List of references

Appendix (3)
List of references

Number	Name	University	Faculty
1	Dr.Sharif Abukarsh	Hebron university	Faculty of Finance and management
2	Dr.Raja Osaily	ALQuds Open University	Faculty of education
3	Dr.Zyad Qannam	Al Quds University	Sustainable rural development program
4	Dr.Suhail Sultan	Palestine Polytechnic University	College of administrative sciences and informatics
5	Dr.Belal Alfallah	Palestine Polytechnic University	College of administrative sciences and informatics
6	Dr.Marwan Jaload	Palestine Polytechnic University	College of administrative sciences and informatics
7	Dr.Youcef Abufarah	ALQuds Open University	Faculty of administrative and economic sciences

Appendix (4): List of all listed companies in PSE

Appendix (4)

List of all listed companies in PSE

number	Company name	Trading symbol	Arabic name
1	Arab Islamic bank	AIB	البنك الإسلامي العربي
2	Alrafah Microfinance Bank	AMB	بنك الرفاه لتمويل المشاريع الصغيرة
3	Bank of Palestine	BOP	بنك فلسطين
4	Palestine Commercial Bank	PCB	البنك التجاري الفلسطيني
5	Palestine Investment Bank	PIBC	بنك الاستثمار الفلسطيني
6	Quds Bank	QUDS	بنك القدس
7	Palestine Islamic bank	IBOP	البنك الإسلامي الفلسطيني
8	Ahleia Insurance Group	AIG	شركة المجموعة الأهلية للتأمين
9	AL-Mashreq Insurance	MIC	شركة المشرق للتأمين
10	National Insurance	NIC	شركة التأمين الوطنية
11	Trust International Insurance	TRUST	شركة ترست العالمية للتأمين
12	Palestine insurance	PICO	فلسطين للتأمين
13	Arab Investors	ARAB	شركة المستثمرون العرب
14	Al-I'Timan for Investment & Development	IID	شركة الائتمان للاستثمار والتنمية
15	Jerusalem Real Estate Investment	JREI	شركة القدس للاستثمارات العقارية
16	Palestine Development & Investment	PADICO	شركة فلسطين للتنمية والاستثمار
17	Palestine Investment & Development	PID	الشركة الفلسطينية للاستثمار والإنماء
18	Palestine Industrial Investment	PIIC	شركة فلسطين للاستثمار الصناعي
19	The Palestine Real Estate Investment	PRICO	شركة فلسطين للاستثمار العقاري
20	Union Construction & Investment	UCI	شركة الاتحاد للأعمار والاستثمار
21	The Arab Hotels	AHC	شركة المؤسسة العربية للفنادق
22	Arab Real Estate Establishment	ARE	شركة المؤسسة العقارية العربية

23	Grand Park Hotel & Resorts	HOTEL	شركة جراند بارك للفنادق والاستجمام
24	Nablus Surgical Center	NSC	شركة مركز نابلس الجراحي التخصصي
25	Palestine Telecommunications	PALTEL	شركة الاتصالات الفلسطينية
26	Palestine electric	PEC	الشركة الفلسطينية للكهرباء
27	Arab Palestinian Shopping Centers	PLAZA	الشركة العربية الفلسطينية لمراكز التسوق
28	The Palestinian Company for Distribution & Logistics Services «WASSEL	WASSEL	الشركة الفلسطينية للتوزيع والخدمات اللوجستية
29	global COM	GCOM	شركة جلوبال كوم للإتصالات
30	Al-wataniah Towers	ABRAJ	أبراج الوطنية
31	The Ramallah Summer Resorts	RSR	مصايف رام الله
32	Arab Concrete Products	ACPC	الشركة العربية لمنتجات الباطون
33	Arab Company for Paint Products	APC	الشركة العربية لصناعة الدهانات
34	Palestine Poultry	AZIZA	شركة دواجن فلسطين
35	Birzeit Pharmaceuticals	BPC	شركة بيرزيت للأدوية
36	Golden Wheat Mills	GMC	شركة مطاحن القمح الذهبي
37	Jerusalem Cigarette	JCC	شركة سجائر القدس
38	Jerusalem Pharmaceutical	JPH	شركة القدس للمستحضرات الطبية
39	Palestine Plastic Industrial	LADAEN	شركة فلسطين لصناعات اللدائن
40	The National Carton Industry	NCI	الشركة الوطنية لصناعة الكرتون
41	The Vegetable Oil Industries	VOIC	شركة مصانع الزيوت النباتية

Appendix (5): Excluded companies from the population

Appendix (5)

Excluded companies from the population
Appendix (6): Population of the study

number	Company name	Reason of exclusion
1	Alrafah Microfinance Bank	Listed in 2007
2	Bank of Palestine	Listed in 2005
3	Palestine Commercial Bank	Listed in 2006
4	Palestine Islamic bank	Listed in 2009
5	AL-Mashreq Insurance	Listed in 2006
6	Trust International Insurance	Listed in 2008
7	Arab Investors	
8	Al-I'Timan for Investment & Development	Suspended from trade
9	Jerusalem Real Estate Investment	Listed in 2006
10	Palestine Investment & Development	Listed in 2006
11	Union Construction & Investment	Listed in 2007
12	Nablus Surgical Center	Listed in 2008
13	Grand Park Hotel & Resorts	Suspended from trade
14	Palestine electric	Located in Gaza strip
15	global COM	Listed in 2009
16	The Palestinian Company for Distribution & Logistics Services «WASSEL	Listed in 2007
17	Arab Concrete Products	Suspended from trade since 2008
18	Bierzait pharmaceuticals	Listed in 2004,& trading on its share s started in 2005
19	Golden Wheat Mills	Listed in 2005
20	Jerusalem Pharmaceutical	Reject to participate
21	The National Carton Industry	Reject to participate
22	Al-wataniah Towers	Listed in 2010
23	The Ramallah Summer Resorts	Listed in 2010
24	Palestine Insurance	Listed in 2010

Appendix (6): Population of the study

Appendix (7):values of the five profitability measures during (2004-2008) for all companies

Appendix (7): Values of the five profitability measures during (2004-2008) for all

Number	Company name	Number of branches
1	Arab Islamic bank	8
2	Palestine Investment Bank	10
3	Al-Quds Bank	13
	Total number in banking sector	31
4	Ahleia Insurance Group	14
5	National Insurance	9
	Total number in insurance sector	23
6	Palestine Development & Investment	3
7	Palestine Industrial Investment	1
8	The Palestine Real Estate Investment	4
	Total number in investment sector	8
9	The Arab Hotels	1
10	Arab Real Estate Establishment	2
11	Palestine Telecommunications	53
12	Arab Palestinian Shopping Centers	4
	Total number in service sector	60
13	Arab Company for Paint Products	1
14	Palestine Poultry	1
15	Jerusalem Cigarette	1
16	Palestine Plastic Industrial	1
17	The Vegetable Oil Industries	1
	Total number in industry sector	5
	Total number in all sectors	127

companies

Appendix (7): Values of the five profitability measures during (2004-2008) for all

companies

Arab Islamic bank	2004	2005	2006	2007	2008
ROA	0.005	0.019	0.018	0.012	0.017
ROE	0.038	0.147	0.029	0.023	0.107
EPS	0.032	0.172	0.126	0.098	0.133
net profit margin	0.115	0.376	0.363	0.265	0.312
market share price	0.77	2.1	1.23	1.99	1.1
Palestine Investment Bank	2004	2005	2006	2007	2008
ROA	0.008	0.175	0.018	0.017	0.014
ROE	0.043	0.513	0.064	0.068	0.048
EPS	0.057	1.858	0.093	0.104	0.074
net profit margin	0.259	0.871	0.373	0.473	0.266
market share price	0.77	6.1	2.92	1.7	1.94
Al-Quds Bank	2004	2005	2006	2007	2008
ROA	0	0.008	-0.012	0.004	-0.023
ROE	0.001	0.032	-0.034	0.02	-0.136
EPS	0.001	0.03	-0.034	0.019	-0.119
net profit margin	0.013	0.174	-0.447	0.159	0.-664
market share price	0.72	1.9	1.3	1.29	0.9
Ahleia Insurance Group	2004	2005	2006	2007	2008
ROA	0.024	0.082	0.033	0.057	0.032
ROE	0.114	0.303	0.132	0.206	0.123
EPS	0.139	0.501	0.046	0.082	0.046
net profit margin	0.509	0.767	1.191	1.614	0.693
market share price	4.35	9.1	3.01	1.48	0.91
National Insurance	2004	2005	2006	2007	2008
ROA	0.035	0.094	0.016	0.051	0.044
ROE	0.15	0.351	0.06	0.182	0.168
EPS	0.333	0.776	0.133	0.443	0.305
net profit margin	0.446	0.598	0.276	1.676	0.523
market share price	5.34	13.39	9.88	7.7	4
Palestine Development & Investment	2004	2005	2006	2007	2008
ROA	0.081	0.274	0.063	0.083	0.042
ROE	0.108	0.363	0.084	0.107	0.058
EPS	0.113	0.601	0.12	0.14	0.09
net profit margin	0.434	0.708	0.059	0.584	0.377
market share price	1.4	7.3	3	2.23	1.21
Palestine Industrial Investment	2004	2005	2006	2007	2008
ROA	0.052	0.405	-0.092	0.027	-0.019
ROE	0.053	0.411	-0.116	0.033	-0.023
EPS	0.055	0.721	-0.133	0.044	-0.029
net profit margin	0.911	0.979	-0.329	0.081	-0.041
market share price	1.4	3.9	1.2	1.3	0.6
Palestine Real Estate Investment	2004	2005	2006	2007	2008

ROA	-0.034	0.039	0.026	0.007	-0.036
ROE	-0.075	0.54	0.028	0.007	-0.042
EPS	-0.045	0.053	0.034	0.01	-0.055
net profit margin	-0.332	-0.181	0.347	0.142	-4.884
market share price	0.85	3.48	1.86	1.71	1.04
The Arab Hotels	2004	2005	2006	2007	2008
ROA	-0.013	-0.004	-0.016	0	-0.014
ROE	-0.015	-0.005	-0.016	0	-0.015
EPS	-0.01	-0.005	-0.015	0	-0.014
net profit margin	-16.87	-2.58	-0.544	0.028	-1.358
market share price	1.16	1.66	1.65	1.5	1.2
Arab Real Estate Establishment	2004	2005	2006	2007	2008
ROA	0.01	0.03	0.291	-0.023	0.051
ROE	0.01	0.04	0.369	-0.035	0.077
EPS(JD)	0.009	0.039	0.514	-0.034	0.075
net profit margin	0.01	0.023	0.327	-0.017	0.063
market share price(\$)	0.78	0.8	0.95	0.96	0.54
Palestine Telecommunications	2004	2005	2006	2007	2008
ROA	0.159	0.245	0.149	0.155	0.193
ROE	0.261	0.346	0.236	0.236	0.268
EPS	0.564	0.532	0.427	0.498	0.678
net profit margin	0.309	0.403	0.301	0.29	0.306
market share price	7.3	19.2	7.44	7.4	7.4
Arab Palestinian Shopping Centers	2004	2005	2006	2007	2008
ROA	0.004	0.004	-0.051	-0.041	0.018
ROE	0.01	0.005	-0.09	-0.091	0.037
EPS	0.005	0.005	-0.07	-0.07	0.04
net profit margin	-0.073	-0.032	-0.068	-0.05	0.016
market share price	1.03	1.3	1.2	1.1	0.79
Arab Company for Paint Products	2004	2005	2006	2007	2008
ROA	0.004	0.004	0.033	0.093	0.104
ROE	0.101	0.53	0.041	0.119	0.136
EPS	0.005	0.005	0.044	0.145	0.173
net profit margin	0.204	0.056	0.068	0.153	0.134
market share price	1.03	1.3	1.19	1.4	1.6
Palestine poultry	2004	2005	2006	2007	2008
ROA	0.002	0.054	0.01	0.034	0.049
ROE	0.003	0.068	0.013	0.048	0.064
EPS	0.002	0.068	0.014	0.059	0.084
net profit margin	0.01	0.084	0.016	0.037	0.054
market share price	2.2	1.86	1.69	1.5	1.07
Jerusalem Cigarette	2004	2005	2006	2007	2008
ROA	0.1	0.075	0.098	0.068	0.088
ROE	0.174	0.151	0.236	0.173	0.247
EPS	0.24	0.21	0.39	0.265	0.389
net profit margin	0.197	0.145	0.053	0.037	0.054

market share price	4.76	7.47	5.77	4.9	5.3
Palestine Plastic Industrial	2004	2005	2006	2007	2008
ROA	-0.014	0.01	-0.074	-0.07	-0.114
ROE	-0.016	0.013	-0.122	-0.082	-0.13
EPS	-0.016	0.014	-0.093	-0.063	-0.088
net profit margin	0.055	0.041	-0.304	-0.235	-0.473
market share price	1.61	1.8	1.2	0.96	0.47
The Vegetable Oil Industries	2004	2005	2006	2007	2008
ROA	0.059	0.131	0.008	0.032	0.085
ROE	0.073	0.221	0.019	0.064	0.122
EPS	0.108	0.405	0.023	0.098	0.232
net profit margin	0.108	0.222	0.023	0.101	0.304
market share price	2.63	5.86	4.1	4.1	2.7

3. INDICES

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ملخص الدراسة

"واقع تطبيق المسؤولية الاجتماعية في الشركات المدرجة في سوق فلسطين للأوراق المالية و علاقته بالربحية"

إعداد

رند "محمد بدر" فنون التميمي

إشراف

د. سمير أبو زنيد

هدفت هذه الدراسة إلى التعرف على مدى تطبيق المسؤولية الاجتماعية للشركات المدرجة في سوق فلسطين للأوراق المالية و علاقته بالربحية، من خلال التعرف على مسؤولية هذه الشركات تجاه عاملها، البيئة، السوق و المجتمع المحلي، والتحقق من واقع ربحية هذه الشركات خلال الفترة الزمنية (2004-2008) باستخدام مؤشرات الربحية التالية (العائد على الأصول، العائد على حقوق الملكية، العائد على السهم الواحد، صافي هامش الربح، و سعر السهم السوقي)، و من ثم فحص طبيعة العلاقة بينهما. هدفت هذه الدراسة أيضا لمعرفة فيما إذا كان هناك اختلاف في درجة تطبيق المسؤولية الاجتماعية بين الشركات تبعا لسنة تأسيس الشركة، القطاع الذي تعمل فيه الشركة: حجم الشركة من حيث رأس المال و عدد العاملين، الحافز لتطبيق المسؤولية الإجتماعية، كيفية تطبيقها في الشركة، خبرة المدير، تخصصه و مستواه التعليمي. و قد اقتصر التعريف الإجرائي للمسؤولية الاجتماعية في هذه الدراسة على الجانب القانوني، الأخلاقي و الطوعي منها في حين استثنى الجانب الاقتصادي. تم استخدام المنهج الوصفي، و استبانته موجهة لمدراء كافة فروع الشركات المدرجة و عددهم (127)، استرد منهم (117) أي ما يعادل (92%) من مجتمع الدراسة، أما البيانات المالية المتعلقة بالربحية فقد تم الحصول عليها من التقارير السنوية لهذه الشركات المتوفرة على موقع الشركة الإلكتروني و في دليلي الشركات المدرجة للعامين 2006، 2008. أظهرت النتائج درجة مسؤولية اجتماعية عالية لهذه الشركات ترجع إلى التزامها بجانب المسؤولية الاجتماعية الأخلاقي و القانوني أكثر من مساهماتها الطوعية تجاه عاملها، البيئة، السوق و المجتمع المحلي. كما أن مسؤولية هذه الشركات تجاه السوق احتلت المرتبة الأولى تلتها تلك تجاه العاملين، المجتمع و من ثم البيئة. كما أظهرت النتائج أن قطاع التأمين كان الأكثر ربحية في حين كان القطاع الاقتصادي الأقل ربحية و أن قطاعي الخدمات و البنوك كانا الأكثر مسؤولية في حين أن قطاعي الاستثمار و الصناعة كانا الأقل مسؤولية. (50%) من المجتمع اعتبروا أن دعم صورة الشركة والتضامن مع المجتمع المحلي هما الحافزان الرئيسيان لتطبيق المسؤولية الاجتماعية في حين أن (8%) فقط منه كانوا يتوقون للربحية. كما أظهرت النتائج أن الشركات المدرجة حديثة التأسيس، أو تلك التي يديرها مدراء حاملين لشهادة في التسويق، أو مدراء ذوي خبرة قليلة كانت أكثر مسؤولية من غيرها تجاه العاملين و البيئة و المجتمع المحلي، بينما كانت الشركات الأقدم كالشركات الصناعية و تلك التي يديرها مدراء بتخصصات غير التسويق أو إدارة الأعمال أو المحاسبة أو المالية، و تلك التي يديرها مدراء ذوي خبرة عالية كانت أكثر مسؤولية تجاه السوق. وأظهرت النتائج أن الشركات صاحبة رؤوس الأموال و عدد العاملين الأكبر و تلك التي تمتلك قسم دائم و متخصص في المسؤولية الاجتماعية كانت أكثر مسؤولية من غيرها في جميع الحقول .

و قد توصلت الباحثة إلى مجموعة من التوصيات موجهة لثلاث جهات مختلفة: توصيات مقدمة للشركات المدرجة مثل التعاون معا لتقديم مشاريع ضخمة للمجتمع مثل مشاريع البنية التحتية. توصيات مقدمة للمجلس التشريعي مثل

تقديم امتيازات أو تسهيلات للشركات المسؤولة كمنحهم خصم في الضرائب.و أخيرا تم عرض مجموعة من الاقتراحات لدراسات مستقبلية مثل دراسة نفس الموضوع الحالي من و جهة نظر أصحاب مصالح آخرين.