

# Chapter 5

## Ethics and Corporate Social Responsibility: The Case of Palestine

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### ABSTRACT

*“...Science will continue to surprise us with what it discovers and creates; then it will astound us by devising new methods to surprise us. At the core of science’s self-modification is technology. New tools enable new structures of knowledge and new ways of discovery” (Kelly, 2014). How important is it for organizations to be socially responsible and ethical? This chapter will define ethics and corporate social responsibility (CSR), explain the competitive advantage of creating and maintaining an ethical organization, and discuss the role played by organizations and managers in enhancing ethics and corporate social responsibility. The main focus will be on Palestine Telecommunication Company’s (PalTel Group) CSR program and its impact on Palestinian people and organizations. The chapter will conclude by shedding light on major opportunities and challenges facing PalTel Group and its CSR program. Background information is provided, as well as a literature review regarding ethics and corporate social responsibility within Palestine and Palestine Telecommunication Group. A brief discussion of a rival of CSR at PalTel’s, Wataniya, has been made in order to ensure that the scope of the chapter’s content is complete. The chapter, however, does not examine (employee treatment) nor PalTel Group’s ethics policies and their impact on employees and their particular work attitudes. Further, the chapter does not explore how PalTel determines where to invest the resources in social and environmental programs to benefit the community and enhance business performance profitability and reputation. Nor does it measure the impact of CSR practices on competitive advantages, reputation and customer satisfaction. Green washing is common phenomenon in Palestine where almost all businesses claim to be scoring high in the social responsibility parameter. Apart from its academic contribution this chapter may also assist managers and senior officers in strategizing for their organizations in this age of social responsibility.*

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## **LEARNING OBJECTIVES**

After reading this chapter, you should be able to

1. Define ethics and corporate social responsibility.
2. Discuss what it means to be socially responsible and ethical.
3. Answer the question, “Why should organizations be ethical and socially responsible?”
4. Describe the ways in which management can influence ethical behavior at work.
5. Discuss PalTel’s corporate social responsibility program.
6. Discuss PalTel’s role in enhancing ethics and corporate social responsibility.

Businesses aim to generate profits and long term wealth for their owners. However, that does not mean they can do whatever it takes to get the maximum profits. Businesses do, however have other secondary purposes including: providing goods and services, creating employment and gain maximum profits for stakeholders including employees, customers, and the community at large, Elliott et al. (2014). That does not mean businesses can do whatever it takes to get the maximum profits. Effective leaders must not forget the underlying foundation for such behavior-its people, individuals like you and me, which make the important decisions, ethically or not. Leaders must get serious about the moral aspects and social implications of decision making in organizations. They must understand how the success of their organizations is intertwined with ethical and social issues and recognize that sustainable economic growth, a high level of integrity and superior performance is not feasible without full realization of the needs, wants and demands of society. Organizations are increasingly facing questions from the public in regard to sustainable development programs. This illustrates how difficult facing ethical issues can be and symbolizes the growing importance of discussing ethical and social responsibility. For businesses, the balance between profit motivated activities and meeting the needs and expectations of stakeholders has long been debated. To examine this problem this chapter will define ethics and corporate social responsibility, and discuss PalTel Group’s corporate social responsibility program. This can’t be done however, without giving a better understanding of the socio- political environment in Palestine and analyzing the macro and micro environment. The chapter will examine PalTel Group’s CSR program and sustainable marketing, examine their ethical and corporate social responsibility program, and will discuss major opportunities and challenges facing PalTel Group. As for the methodology, the author has conducted interviews with PalTel’s CSR and human resource officers, as well as used resources such as PalTel Group’s Third Sustainability Report, 2013 which was put at the author disposal by management.

## **ETHICS AND CORPORATE SOCIAL RESPONSIBILITY**

Ethics and social responsibility are hot topics for today. A leader’s most important responsibility is to establish the ethical environment and culture of the organization-that is the values that underlie the behavior of all employees, partners and other stakeholders (Collins,2009).The practice of CSR initiatives varies widely from developed countries to developing countries. Robbins and Judge (2015) indicated that organizational culture is not neutral in its ethical orientation, even when an organization is openly pursuing ethical goals. Many things influence ethical behavior at work. Dessler (2015) in his work concluded that ethical behavior reflects “Bad Apples, Bad Cases, and Bad Barrels”.

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