Ethical Behavior at Palestinian Large-Scale Enterprises
“From the Perception of Middle Level Management at Companies Listed in Palestine Securities Exchange PSE”

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2008
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Thesis submitted for the master in business administration

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Thesis Defense on:
June 05 2008

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Submitted in partial fulfillment of the requirement for the Masters Degree in Business Administration from the Faculty of Graduate Studies at Birzeit University- Palestine.
To My Family...
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### Acronyms

- **PSE**: Palestinian Securities Exchange
- **PCBS**: Palestinian Central Bureau of Statistics
- **ISCT**: Integrative Social Contracts theory
- **MAS**: Palestine Economic Policy Research Institute
- **CMA**: Capital Market Authority
- **CIPE**: Center for International Private Enterprise
Abstract

Palestinian economy has been facing different types of restrictions that prevent it from developing. There are three main sectors serving the Palestinian population: the public sector, local and international NGOs, and the private sector. The private sector seeks maximizing profit, that’s why violations and unethical behavior are more likely to happen within this sector. For that, Labor departments have set the Palestinian Labor Law which defines and organizes the working environment and basic rights of workers. There are no studies that document existence of codes of ethics in this sector.

Top managers can be leaders for the enterprises they work for. Even if they don’t plan to, they are considered as role models for the positions they occupy. For that their ethical actions and trends can have its effect -either formally or informally- on setting the ethical behavior in the organizations they work for.

This study aims at exploring ethical behavior in Palestinian large-scale enterprises since these enterprises or companies are considered of more significant effect to the Palestinian economy than small or medium scale enterprises. It also concentrates on top managers’ ethical behavior as evaluated by their subordinates.

Findings of this study indicate that there is limited ethical awareness among Palestinian Large Scale Enterprises. As evaluated by their subordinates, top managers act ethically. The main results also show that the organizational culture is a stronger driving force for ethical behavior than the organizational structure. This is a logical result, as respondents find that
their organizational culture forms a part of the wider Palestinian culture which normally overlaps and penetrates their internal organizational environment. Another reason is that none of the targeted companies have a separate written code of ethics.

The researcher concludes that respondents do not always express what they really think. Top managers are more honest in answering the questions. One of the major recommendations that the researcher think will help in getting more accountable results is to make semi-structured interviews instead of using questionnaires especially when searching a sensitive subject.
يعاني الاقتصاد الفلسطيني من بعض المعيقات التي تحدد على عملية تطويره. يوجد في المجتمع الفلسطيني ثلاثة قطاعات تخدم السكان وهي: القطاع العام، المنظمات غير الحكومية المحلية والدولية وأخيرا القطاع الخاص. يسعى القطاع الخاص إلى أكبر نسبة من الأرباح والتي يمكن أن تكون على حساب السلوك الأخلاقي وهذا ما يبرز وجود انتهاكات لهذا السلوك الأخلاقي في هذا القطاع. لهذا، قامت وزارة العمل بتشريع سلسلة من القوانين الفلسطينية والتي تحدد وتنظم قانون العمل الفلسطيني لإنشاء أحوال عمل مناسبة وقوانين عادلة. لا يوجد دراسات حتى الآن تقوم وضع السلوك الأخلاقي في هذا القطاع.

يمكن اعتبار المدارس قادة وقادة في عملهم حتى لو لم يخططوا لذلك. سلوكهم الأخلاقي وتصوراتهم يمكن أن تؤثر بشكل رسمي أو غير رسمي على توجهات المؤسسات التي يعملون فيها.

تهدف هذه الدراسة إلى شرح السلوك الأخلاقي في الشركات الكبرى في فلسطين كون هذه الشركات تعتبر من أهم المؤثرات في الاقتصاد الفلسطيني مقارنةً مع الشركات الصغيرة والمتروفة. كما تركز الدراسة على فهم مدى التزام المدراء بالسلوك الأخلاقي حيث تتم تقييمهم من قبل تابعيهم (مديرة الدوائر المركزية أو رؤساء الأقسام).

تشير النتائج إلى وجود وعي محدود في قطاع الشركات الكبرى للسلوك الأخلاقي، كما أن المدارس يتصرفون بشكل أخلاقي كما تم تقييمهم من قبل الإدارة الوسطى في مؤسساتهم.
كما ترتبنا النتائج أن ثقافة المؤسسة تعتبر داعمة للسلوك الأخلاقي أكثر من التركيب التنظيمي لها.

هذه نتيجة منطقية حيث يرى الكثير من المجيبين على الاستمارات أن ثقافة المؤسسة تعتبر امتدادًا للثقافة الفلسطينية التي تختلق وتنقاط مع البيئة والثقافة الداخلية للمؤسسة. بالإضافة إلى ذلك، فإنه لا يوجد نظام منفصل للسلوك الأخلاقي في أي من الشركات الكبرى التي تمت دراستها.

وفي النهاية، يضيف الباحث أن مجيبى الأسئلة لم يعبروا تماماً عنهم في داخليم حيث أن المدراء أظهروا مصداقية أكبر في الإجابة على الأسئلة أثناء مقابلات. لذا ترى الباحثة أن من أهم التوصيات التي ترقى في هذه الرسالة هي عمل مقابلات مع الفئات المستهدفة بدلاً من الاكتفاء بالإجابة على الاستميات وخاصة عندما يعتبر موضوع البحث حساسًا.
Chapter I

Introduction
1.1 Overview

Political turbulent atmosphere, restrictions and continuous depletion of resources due to the Israeli occupation are setting back the development of a prosperous Palestinian business sector. There are three main sectors serving the Palestinian population: the public sector, local and international NGOs, and the private sector. The public sector has established its own regulations within the governmental departments that control the type of managerially accepted Behavior, while the NGOs usually have internal codes of ethics and other work regulations that manage the relationship between employees and the organization. The private sector seeks maximizing profit, but Labor departments have set the Palestinian Labor Law which defines and organizes the working environment and basic rights of workers, namely in the private sector. There are no studies that document existence of codes of ethics in this sector.

The public service organizations are by far more formal, rigid and dominated by control than private enterprises. The private enterprise, however, is less formal and the type of control is designed mainly by top management and the owners of the enterprise who set its culture. Since the management is able to change by time, then the culture, rules and regulations are subject to change depending on the type of management and the power it has. This is one reason why the private sector is targeted by this study.

Another reason for targeting private large scale enterprises is because they seek profit maximization and there is a higher probability of acting unethically towards employees in addition to the power and ability to change these enterprises has on a relatively small economy such as the Palestinian economy.
However, large Palestinian Enterprises that show an increasing responsibility towards society and environment are, in general, more likely to be working on institutionalizing business ethics. Until now, no records of previous studies show whether large companies do institutionalize business ethics. The private sector in Palestine includes different types of industries and most of the Palestinian economy is controlled and enforced by few large companies.

Managers can lead the company to success or can set it back. One of the main factors that may affect the organization’s success is the top managers’ ethical behavior and/or the ethical environment they set to themselves and to their subordinates.

1.2 Significance of the Study

Business Ethics is considered a relatively new subject in the management field, and yet its concepts and terminology are not well known in the Palestinian business environment. There are no records of previous studies that developed clear indexes for measuring ethical Behavior of managers or the influence of that behavior on subordinates in Palestinian Enterprises. For that it is a challenge for the researcher to study such a topic in such a conservative community. Following are important points to explain significance of the study:

According to the Center for International Private Enterprise (CIPE), an ethical approach is becoming necessary for both: corporate success and a positive corporate image. Also, *Fairness, Transparency, Responsibility, and accountability* are the core values of corporate governance;
Capital Market Authority has established the *National Committee for Corporate Governance* which is considered the *framework* for Corporate Governance for all sectors and aims to look for and *establish a system of best practices in Palestine* to approach Good Governance. (Palestinian financial market magazine, 2008)

In addition to the previous mention points, a Good Corporate Governance:

1. Reduces risk
2. Stimulates performance
3. Improves access to capital markets
4. Enhances the marketability of goods and services
5. Improves leadership
6. Demonstrates transparency and social accountability.

*Corporate Governance, CIMA (2002)*

Surveys executed by McKinsey & Company in 2004 to investigate investors’ opinions and perspectives about corporate governance (global as well as country level surveys), the surveys indicated the following conclusions:

1- Seventy to eighty per cent of investors said that they are willing to pay a premium for a well-governed company;

2- Good governance matters for foreign investors as much as the reported financial performance in many regions because of misgivings about the quality of corporate reporting;

3- Not only corporate factors, but also other dimensions of governance influence investors’ decision making, such as capital market and country-level factors (like
accounting standards, property rights, and levels of corruption). Around 60% of investors say they will avoid certain corporations because of such concerns.

To be able to describe the ethical situation in Palestinian Large Scale Enterprises, researcher has to do an extra ordinary work to convince some organizations that the study will not harm their reputation or business. Especially when the study focuses on the top managers’ ethical Behavior as one of the main objectives.

Palestinian Securities Exchange (PSE):

Among the private sector enterprises, the researcher identified the population of this study as the Palestinian Large-Scale Enterprises listed in the Palestinian Securities Exchange for the following reasons:

1- These organizations are expected to act ethically according to established codes of ethics and corporate governance principles.

2- The reason for choosing Large-Scale over Small-Scale Enterprises, as a group out of the general private sector, is that Palestinian Large-Scale Enterprises are of more significant effect to the Palestinian economy and the ethical behavior in these organizations can easily temptate the economists, press, employees, and all other stakeholders.

3- Another explanation for not choosing Palestinian Small-Scale Enterprises is that they do not clearly identify top management from middle level management; especially because they do not usually have functional departments. More justifications will be discussed in the sampling section.
4- PSE companies are more sensitive to ethical behavior because unethical behavior, along with bad reputation can easily affect the price of these organizations’ stocks in the stock market.

The term “company”, rather than “enterprise”, hereinafter shall refer to any of the listed companies in PSE which forms the sample for this research.

**Contribution of PSE to Palestinian Economy:**

PSE contributes to Palestinian economy through attracting foreign investments, keeping national savings in the country, and transferring them into productive projects. This contributes to lower unemployment, poverty, and a higher standard of living.

- PSE has been developed remarkably since its establishment; the number of listed companies has increased from 18 in 1997 with estimated capital of $82 million, to 35 companies with a capital of around $950 million. The value of foreign investment increased from $283 million in 2001 to a peak of more than two billion dollars in 2005.

- According to Palestine Economic Policy Research Institute (MAS) in 2008, the market value for companies listed in PSE is ($2,474,679,018) at the end of 2007. One can’t figure the importance of this number until it is compared to the estimated Palestinian economy of ($4,135.8 million) for year 2007 (PCBS, 2008).

Table 1.1 below summarizes the latest published statistical data on volume, value, trade count and market capitalization in USD, dated 2007, for the listed companies in PSE. The total market capitalization for the listed companies reached US$ 2,118,499,943. According to
Palestine Economic Policy Research Institute (MAS), the market value for companies listed in PSE reached ($2,474,679,018) at the end of 2007.

Table 1.1: PSE Sector Statistics for First Eight Months 2007

<table>
<thead>
<tr>
<th>Sector</th>
<th>Companies</th>
<th>Volume</th>
<th>Value (USD)</th>
<th>Trade Count</th>
<th>Market Capitalization (USD)</th>
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<tbody>
<tr>
<td>Banking</td>
<td>6</td>
<td>104,762,591</td>
<td>273,147,343</td>
<td>34,948</td>
<td>458,487,460</td>
</tr>
<tr>
<td>Insurance</td>
<td>4</td>
<td>7,493,619</td>
<td>21,974,480</td>
<td>3,173</td>
<td>86,600,532</td>
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<tr>
<td>Investment</td>
<td>8</td>
<td>71,014,881</td>
<td>141,198,969</td>
<td>42,548</td>
<td>602,488,084</td>
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<tr>
<td>Manufacturing</td>
<td>10</td>
<td>4,503,168</td>
<td>13,162,302</td>
<td>7,194</td>
<td>172,278,943</td>
</tr>
<tr>
<td>Services</td>
<td>7</td>
<td>18,031,802</td>
<td>83,180,264</td>
<td>22,350</td>
<td>798,644,924</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>35</strong></td>
<td><strong>205,806,061</strong></td>
<td><strong>532,663,358</strong></td>
<td><strong>110,213</strong></td>
<td><strong>2,118,499,943</strong></td>
</tr>
</tbody>
</table>

Although there are 104 public listed companies in Palestine. Only 35 of them are listed in PSE. Palestinian securities law states that all public listed companies should register in PSE. According to PSE manager Mr. Barghouthi, the already listed companies are the most important with the highest market values.

According to the Capital Market Authority (CMA), the 69 public registered but unlisted in PSE are divided into five categories shown in table 1.2

Table 1.2: Status of public listed companies (not listed in PSE)

<table>
<thead>
<tr>
<th>NO</th>
<th>CAPITAL</th>
<th>STATUS</th>
<th>NUMBER*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Less than JD100,000</td>
<td>No information**</td>
<td>17</td>
</tr>
<tr>
<td>2</td>
<td>More than JD100,000</td>
<td>No information</td>
<td>11</td>
</tr>
</tbody>
</table>
Ethical Behavior in Palestinian Large Scale Enterprises

<table>
<thead>
<tr>
<th></th>
<th>More than JD750,000</th>
<th>Merged with other companies or do not exist anymore</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td></td>
<td></td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>More than JD200,000</th>
<th>Companies with special cases and more information is needed***</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td></td>
<td></td>
<td>7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>More than JD500,000</th>
<th>Companies that are expected to register in PSE in the near future</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td></td>
<td></td>
<td>12</td>
</tr>
</tbody>
</table>

*Information is prepared only about 50 out of 69 companies in 2006. No updated information about the other 19 companies.

**The reason for not having information about these companies is that some of them are established in the 1930s; which are affected by the Israeli occupation or simply disappeared or bankrupted after 1948. There are no clear reasons for not having information.

***Examples of the needed information are the number of board members

Ethical restrictions are mentioned in the membership regulations of the Palestine Securities Exchange (PSE) (see Annex 1). Companies shall accept and follow these regulations as a prerequisite to be listed in the PSE.

1.3 Purpose of the Study

The purpose of this study is to explore and investigate the ethical behavior in Palestinian Large-Scale Enterprise, especially the behavior of top managers in these Enterprises from subordinates’ point of views (the middle level managers).

1.3.1 Specific Objectives:

To be able to describe the ethical behavior in targeted enterprises, the researcher had to add more specific objectives to the study to be as follows:
• To have an overview of the situation of business ethics in Large Palestinian enterprises which reflects the ethical concern in the Palestinian business sector.

• To understand the different types of moderators that influence manager’s ethical decision-making.

• To study the variables that affect subordinates’ evaluation of their top managers’ ethical or non-ethical behavior.

• To highlight the main elements in a company’s environment which significantly affect the performance of Palestinian large scale enterprises.

1.4 Research Questions

This study seeks to answer the following questions concerning the business ethics in Palestinian Large Scale Enterprises:

1. Do top managers in Palestinian Large Scale Enterprises act ethically? (A subordinates’ perspective)

2. Does the organizational structure help managers/employees to act ethically? Are Palestinian Large Scale Enterprises in need for a code of ethics?

3. Does the organizations culture help managers/employees to act ethically?

4. What factors affect the manager’s ethical decision making? (Issue Intensity)

5. Do top managers have trends for ethical business? Do they encourage ethical Behavior in their companies?

1.5 Organizing the Study

The research will be presented in five chapters:
Chapter One: Introduction
This chapter includes an overview about the study, definition of business ethics, purpose of the study, significance of the study, and specific questions of the research related to ethical behavior in Palestinian large scale enterprises.

Chapter two: Literature Review
This chapter offers a review of the related literature that addresses the issues of ethics and ethical business, Behavior of managers, organizational structure, organizational culture and other related topics.

Chapter Three: Methodology
The study adopts the exploratory and descriptive methods. The main instruments that were used to collect the information are the questionnaire surveys and semi-structured interviews. The sample is targeted as a whole since the number of organizations is limited. The researcher is able to collect 118 filled questionnaires. In addition to 18 open-questions in Semi-structured interviews with top managers.

Chapter Four: Findings of the Study
This chapter describes in details the results after analyzing the questionnaires and the interviews. It also includes the major findings of the study.

Chapter Five: Conclusions and Recommendations
This chapter summarizes the conclusion of the study, shows the implications and recommendation for future researches.
Chapter II:
Literature Review
2.1 Introduction

“**You must be the change you want to see in the world**” *Gandhi*

Ethics and ethical issues surround our lives. Business ethics is no exception. However, ethical lapses or high ethical standards aren’t limited to business, it affects every institution in our society such as health care, science and environment, food and agriculture, policing, financial services, social work, government, war and politics, nursing…etc.

According to Taeusch (1932), Business ethics is a social-economic phenomenon with main symptoms like formulations of “codes of ethics”, the establishments of practice committees, and the books and articles that are published on this subject. The same article indicates that the reason that makes business ethics a field of special interest is the indefinite “moral code” that serves as general standards for civilized humanity; and the different definitions and classifications that are required wherever it is applied to particular problems of conduct such as the specific setting of business.

2.1.1 Development of Business Ethics

Business ethics is a topic that has been studied in detail in 1960’s by management researchers. Some thought that this topic was just a fad and that the interest in that topic will disappear soon. Contrary to those thoughts, the interest in business ethics has climbed up to more than 40 years. (Trevino & Nelson, 2004)

In recent years, some of the finest scholars from philosophy, business, and management have converged to study the forces of business ethics. These scholars currently provide more
useful and interesting approaches to business ethics than ever. Business ethics have always been underestimated; accordingly, many unexpected and none accepted destructive Behavior appeared at work places. “Modern organizations, with their ability to create wealth and exercise power, can also be places where narcissism abound, greed pervades, political ruthlessness emerges, and injustices are perpetrated on employees, communities, and nations by very capable individuals engaged in unethical practices” (Schminke 1998: p. x)

**Trends to Develop Ethical Behavior and the Reason Behind Enterprises’ Interest:**

According to Trevino & Nelson (2004) companies will act ethically, either because they care about their reputation and are afraid of criminal liability, or simply because they think that this is the right way to do the job. However, there are different reasons why people and companies should care about ethics; media care about corporate ethics and reputation. Some industries care about ethics and join to promote ethical conduct among organizations. Many executive leaders care about ethics in their own organizations and their business’s image in society. Managers care about ethics because they are involved in solving many ethical problems in their work. Employees care about ethics since they may be more attracted to work in and be loyal to ethical organizations. Finally, individuals care about ethics since employees are individuals who have their own relationships and care about their personal reputation.

Another important reason why managers should encourage ethical behavior is that it is both philosophically and financially important. The wasted time and efforts of supervisors in solving unethical actions is very costly. A conservative estimate indicated that in the US alone, “the costs [of problem solving] to employers in lost time, reduced productivity, and
spillover effects on other employees is now thought to be over 195 billion dollars per year” (Bruce, 1990: p. 1)

2.1.2 Theories of Ethics

Linking ethical theories to management can help in establishing theoretical basis to the study. Cavanagh, Moberg, and Velasquez (1981) had summarized the main philosophical ethical theories. They stated that there were three kinds of moral theories; utilitarian theories, theories of rights, and the theory of justice.

Utilitarian theory was precisely formulated in the eighteenth century by Bentham, Ricardo, and Smith. Rights theories were first formulated in the seventeenth century by Kant and Locke, and Aristotle and Palto had formulated theories of justice in the fifth century B.C.

Utilitarian theories may be classified as being act or rule: decisions in the act utilitarian are based on that decision's outcomes or consequences. The “act” chosen should provide the greatest social good. Utilitarian philosophy evaluates the “rule” under which the action falls. However, decisions based on utilitarian theory are considered unethical when they create personal gain at the expense of society’s gain, or when they result in a relatively inefficient attainment of desired ends.

Theories of rights, in which the guide of ethical behavior, should be to ensure the respect of individual's rights. Some suggested rights by moral theorists are: the right to free consent, privacy, freedom of conscience, free speech, and the right to due process.
Ethical Behavior in Palestinian Large Scale Enterprises

Theory of justice indicates that every employee should be treated with equity, fairness, and impartiality, rules should be managed and enforced fairly and impartially, and that individuals should be held responsible only for things over which they have control (Fritzsche & Becker, 1984; Cavanagh et al., 1981).

Besides, the Integrative Social Contracts theory (ISCT), was first proposed by Thomas Donaldson and Thomas Dunfee in 1994. This theory is named ISCT since it integrates two distinct kinds of contracts; the first one is the Normative and hypothetical contract among economic participant which defines the normative basis for creating the second kind of contract. The second kind of contract, however, is the existing implicit contract that can be found among members of specific communities (like firms, their departments, informal subgroups within departments...etc.). Collecting these two distinct social contracts contain much of the substance of business ethics. Creators of this theory believe that this way of conceiving business ethics helps better to understand the normative justification for business decisions, as well as to reach these decisions.

According to Frederic (2004), ISCT theory is more comprehensive, analytically developed, socio-culturally grounded, and more managerially operated than other current theoretical rivals.

Madsen (2001) described the approach offered by ISCT as being important for two reasons: “For one, it is the first such social contract approach conceived for use in the contemporary academic discipline of business ethics. Secondly, it brings into view the possibility of harmonizing two distinct contractual arrangements.” (p.1)
2.1.3 Definitions of Ethical/non-Ethical Behavior

Dictionaries define ethics as the “principles of right or wrong” and “the rules or standards governing the conduct of a profession”. However, in order to put ethics into practical perspective, Bruce (1994) defines an ethical employee as “the one who does not engage in illegal behavior and who consistently acts as in ways that place the benefit of the government and the public above personal benefits” (p.241). This definition does not only indicate employees’ commitment to law, but also contains their positive contributions through their work. An added dimension to this definition is that ethical employees are active employees since they do not only follow the laws, rules, and regulations, but also they are good citizens who represent and care about public interest.

2.2.1 Managers’ and Employees’ Ethics

In his article about the Ethics of Organizational Politics, Cavanagh et. al. (1981) introduces a definition for the Political use of power. “When individuals and coalitions choose to move outside of their formal authority, established policies and procedures, or job descriptions in their use of power, that use is political” (p. 363). This is when some of the unethical practices arise especially by managers and/or leaders who have the power to execute some unethical decisions regardless of their effects on subordinates.

Bruce (1994) declares that legal kind of unethical behavior has become very common. Simple negligence, skimping or under treatment, back-stabbing, being spy or watchdog, dropping names, taking credit for other’s work, being part of a clique… etc. are examples of legal but unethical Behavior. This makes being ethical, as well as, encouraging others to be ethically, very hard.
The previous study directly connects productivity with ethical behavior. The researcher argues that employees engaged in unethical behavior have less time for productivity: “the time gets used up by people who are devoting energies to some kind of personal enlargement, rather than to the job”. The worst case happens when they affect others “They don’t perform, and their problem behavior is contagious. One person’s unethical actions have a domino effect. Thus, energies of supervisors get channeled away from organizational priorities and into crisis management”, (Bruce, 1994: p. 242)

If managers are running an ethical organization, they can make sure that their organization is more productive than other less-ethical organizations. Being afraid of getting caught might make managers honest. However, ethical managers do far more for their organization than simply keep it out of trouble.

*Power* is a keyword for this research. In order to make a change, one should study the existing situation and then to disseminate the information to those who can make a change.

### 2.2.2 Managers as Role Models

Researches continue to show that the most important effect on employees’ behavior is their superior’s behavior. Subordinates use their manager’s behavior as a benchmark for acceptable practices and expectations (Robbins & Coulter, 2005).

Employees are mostly affected by their direct supervisors who shape their beliefs and attitudes towards the work force. It has been proved that the importance of management based on positive role modeling has a *ripple effect* on increasing productivity, increasing customer satisfaction, better business alignment, better compliance to orders, increased
human safety and higher moral, if the manager is a positive model (Adkins, 2006). This enforces the fact that managers do not choose to be role models, they are chosen because of their positions.

Goleman the founder of the concept of (emotional intelligence) believes that the emotional behavior of executives and subordinates has a ripple effect on the organization, and he calls it the “emotional climate”. According to his study, managers\or leaders are responsible for 70% of the emotional climate that is responsible for 20 to 30 percent of the organizational performance. On the other hand, one of the most popular indicators for the negative or unhealthy climate effect is a high staff turnover rate (Adkins, 2006)

Emotional climate can also be understood as the ethical culture of an organization as seen for an individual’s point of view (Banerjee, Cronan, & Jones, 1998)

2.2.3 Managers or Leaders

Managers can, sometimes, be considered as leaders. When a manager is also a leader, then that person has higher potential to make a change than the ordinary manager. However, it is interesting to know differences between managers and leaders.

The leader is the person who actually runs things, not the person who is in charge or given the authority. Although the role of managers and leaders do overlap, some managers maybe considered leaders while others are not; the same is right for leaders. (Greenberg & Baron, 2003)
2.2.4 Importance of Acting Ethically

Managers are the role models for subordinates; they should be highly committed to the ethical behavior they set. Top managers are the leaders of their company since they set its cultural tone. (Trevino & Nilson, 2004)

Laws and codes usually focus on grossly unethical behavior and wrongdoings and how the violators are punished, while encouraging employees to work on behalf of the organization is the managers’ and supervisors’ role.

A study on municipal clerks to investigate how ethical behavior is encouraged by managers in local government, the best of all findings is that managers and supervisors really make a difference. “Personal example, encouragement, involvement, and education are very tangible, direct, and simple leadership strategies”. That study clearly identifies that managers and supervisors have an important influence on employees and, by extension, on organizational performance. (Bruce, 1994: P. 251)

This shows the importance of exploring the practical ethical concerns of today’s managers and the actions they make to support ethical behavior in the companies where they work.

2.3 Factors Affect Managerial Ethics

2.3.1 Managers’ Personal Factors

Personal values that are earned from the early years affect managers’ actions. Two personality values have been found to affect the managers’ ethical decisions; ego strength and the locus of control. Managers with high ego strength are more likely to do what they think is right and to resist impulses to act unethically. Managers with internal locus of control, who
believe that they control their destinies, are more likely to take responsibility for consequences and rely more on their own standards of right or wrong to guide their Behavior. (Robbins & Coulter, 2005)

2.3.1.1 The OPAL Principle

Geoff Hunt, a lecturer at police colleges in UK, presents to his student the four principles of ethical management, which are: *Openness, Performance with integrity, Accountability, and Leadership* (OPAL)

- **Openness** in management is expected to facilitate honesty, transparency, effective communication, sharing in decision-making, defensiveness, exclusion...etc.

- **Performance with integrity** is one’s ability to perform his duties without having to sacrifice his own or his corporate integrity.

- **Accountability** is the preparedness to justify individual and corporate acts and mistakes to stakeholders at proper times and mechanisms by which this preparedness may be affected.

- **Leadership** is commanding moral, ethical and professional respect by providing direction and guidance to others, using personal example, sound judgment, and courage. (Hunt, 1999)

Each of these principles has its own themes that help to assess management’s ethical behavior. Studying the ethical beliefs and Behavior of top level managers is one of the main aims of this research. It targets large scale enterprises of the private sector in Palestine.
2.3.2 Organizational Structure

In many different aspects, it is so hard to differentiate between the organizational structure and its culture. In general, elements in ethical structure linked to the central function are frequently associated with formality, while elements associated to guidance are frequently related to culture and informality. (Baqueiro, 2005)

The more the structures are clear and encourage ethical behavior, the more they influence managers’ decisions. Formal rules and regulations, clear job descriptions, written codes of ethics, and appraisal systems are all examples of formal guides that can promote ethical behavior if used properly. For example, an appraisal system that concentrates only on outcomes induces pressure on both; managers and employees to sacrifice their ethical standards in order to reach these outcomes. (Robbins & Coulter, 2005)

The concept of ethical structure is defined as “the tools or processes, which either regulate against undesirable conduct, or provide incentives to encourage good conduct… [ES] can be viewed as being made up of eight elements (legal framework, accountability and control systems, public involvement and scrutiny, political leadership, codes of conduct, professional socialization, coordinating body and service conditions) serving three functions: control, guidance and management.” (OECD, 1966. P: 25-26)

Centralization is another factor in organizational structure that may affect its ethical behavior. According to Ferrell & Fraedrich (1997), centralized companies tend to be more ethical compared with decentralized organizations. This is because they have and can enforces rigid controls like its codes of ethics, polices on ethical practices, codes of conduct…etc.
An efficient but unfair institution must be reformatted or stopped. In studying the relation between organization’s structure and its ethical behavior, we should be mainly interested in what organizations do, how they work, how they make decisions, and how they become places for individuals to act.

### 2.3.3 Organizational Culture

A corporate or organizational culture can be defined by the values, beliefs, goals, norms, and ways to solve problems that members of an organization share. Also, it includes the behavioral patterns, concepts, morals, ceremonies, and rituals that take place in the organization. (Ferrell, Fraedrich, & Ferrell, 2000)

Part of the organization’s culture is its history and unwritten rules, which are often expressed informally like using direct and indirect comments. Other companies use informal dress codes, working late or even through gestures, promotions, looks, labels, legends, or the lack of them.

Providing the blueprint for the corporate culture is the top management’s role. One importance of drawing organizational culture is that if ethical behavior is not valued by the organization, then unethical Behavior maybe rewarded or approved (Ferrell & Fraedrich, 1997).

An organization with a strong culture that supports ethical standards is more likely to tolerate risk, control, and conflict. Managers’ ethical or unethical behavior is more influenced by strong organizational culture that supports high ethical standards. In case of weak culture,
managers are more likely to relay on work groups and departmental norms as behavioral guide. (Robbins & Coulter, 2005)

Cultural values are likely to influence whether companies adopt formal codes of ethics. In general, cultures with high uncertainty would support more specific ethical guidelines in order to reduce uncertainty. On the other hand, individual leaders in cultures with higher power distance are expected to influence decisions and subordinates are expected to follow the leader’s orders. This makes them less likely to encourage formal codes. (Hood & Logsdon, 2002)

### 2.3.4 Issue Intensity

It is found that the perceived importance of ethical issue intensity have a strong impact on ethical judgment and behavioral intention. Ethical issue intensity should be considered as a key factor in the ethical decision-making process. This is because it affects the manager’s decisions when they have to choose among alternatives in ethical dilemmas for they should measure the intensity of their decisions. (Ferrell & Fraedrich, 1997)

The more the intensity of an issue increases, the more managers are expected to act ethically. Six factors are found to be related to determining ethical issue intensity: greatness of harm, consensus of wrong, probability of harm, immediacy of consequences, proximity to victims, and concentration of effect. (Robbins & Coulter, 2005) However, a critical step in developing the employees’ abilities to make ethical decisions is to train them for the ethical issues they might face.
2.4 Palestinian Culture

Accepted Behavior in one culture maybe considered unaccepted in another. One can’t study the ethical behavior away from the culture of the targeted people. In general, Arab and Islamic world have quite common consensus for the main rules of Behavior.

Like most nearby countries and of the Arab world, Literature describes Palestinian culture to include unique art, literature, music, costume and cuisine. Although Palestinians are geographically separated, they are able to keep and flourish their culture in Palestine, the occupied territories, and the Diaspora.

In a study by Ronen & Shenkar (1985), Israeli Arabs have been described to have a traditional collectivist culture. “The collectivist orientation is expressed in ideas such as solidarity, cooperation, commitment, mutual trust, support, and a sense of belonging that are believed to be present in the Arab nuclear and extended family, and the community”.

Fewer studies have discussed the norms and Behavior of the Palestinians, and their traditional problem-solving process or what is known as the tribal law. According to Geith (1985), tribal law issue or conflict resolution related to ethical incidents was first introduced during the late Ottoman era. Due to the fact that Ottoman’s power over the far territories declined especially over strong and rich clans, the Ottoman government used such method to keep control over these territories. This sired the clans and family culture in the Arab territories, which transferred to the Palestinian people and considered as traditions and norms.

The changing of the surrounding environment in different sectors (economical, legal..etc.) has affected the Behavior of Palestinians in a way that lowered and diluted the effect of their
basic traditional norms and tribal law. However, Palestinians are still known by their unique culture and traditions.

In general, people are expected to live the ethical standards through voluntary Behavior. That is, according to the values they are taught in their childhoods. Otherwise, if they fail to do so, then some sort of legal organizing system is to be done to enforce and implement ethical standards, even if it entails punishment rules. Dobers & Sara (1994); That is one of the main causes for creating codes of ethics and codes of conduct.

2.5 Ethics Tools

Some tools are considered to be of great help for managers to use in their organizations to control ethical behavior. The tools should be used with employees to guarantee their cooperation in supporting ethical Behavior. According to McNamara (1999), Examples of tools are codes of ethics, codes of conduct, Policies and procedures, resolving ethical dilemmas (with real-to-life examples), and training:

Codes of ethics:

An ethical code is defined as a written, distinct and formal document which consists of moral standards used to guide employee or corporate behavior. (Schwartz, 2001)

According to Greenberg & Born (2003), codes of ethics are documents that express company’s ethical values in explicit statements.

In many different studies and literatures, codes of ethics are considered as an instrument to show corporate values and to guide employees’ ethical behavior. However, only a small
number of studies have investigated the effectiveness of enforcing codes of ethics within a business environment.

In a study conducted by Pater & Gils (2003) on the Dutch management consulting industry, the results reveal that the presence of an ethical code has a negative effect on individual ethical decision making for three reasons; first, it is impossible to codify every single moral issue in an ethical code. This leads most organizations to rely on the common sense rules of honesty, truth and right. Second, the ethical codes contents may not correspond to employees’ personal ethical values. Finally, a heavy reliance on formal rules and polices will release individuals from making ethical judgments.

Codes of ethics are a subject that are not only important in companies seeking profit maximization, but also in public sector organizations and in many different fields like health, education, trade…etc.

**Codes of Conduct**

While codes of ethics act as general guides to decision, codes of conduct specify these actions in the workplace. Codes of conduct may also contain examples of appropriate Behavior. Codes of conduct can be developed by identifying the key Behavior needed to adhere to the ethical values suggested in organizations’ codes of ethics, using wording to indicate that all employees should follow the Behavior specified in the code of conduct, obtaining review from organizations’ key members, and finally, announcing and distributing the code of conduct.
Policies and procedures

Policies and procedures are expected to produce behavior preferred from the code of conduct. Personnel, job descriptions, performance appraisal forms, management-by-objective expectations, standard forms, check lists, and budget reports formats, are examples of policies and procedures.

Resolving Ethical Dilemmas

An ethical dilemma exists when one is in a situation of to make a choice among alternatives; like when there is presence of significant value conflicts among differing interests, when there are real alternatives those are equality justifiable, or when significant consequences on stakeholders might happen. Resolving ethical dilemmas will give opportunities for managers and employees to take better decisions. Ethical dilemmas appear when there are conflicts with no clear guidelines, whether in law, code of ethics, culture, or in religion.

Training

Managers should make sure that employees are getting ethics programs. Staff members should be trained about what ethics program is, how it works, and their role in it. Involving staff in reviewing the ethical codes and policies is considered strong ethics training. Practice in resolving complex ethical dilemmas is one of the strongest forms of ethics training. In addition, it is important to include ethical performance as a dimension in performance appraisal. Finally, the best ethics trainer is the behavior of leaders. (McNamara, 1999)

2.6 Conclusion

Ethical and social values increasingly affect business decision and behavior; cross-cultural business practices and ethical standards are becoming more important for understanding and
facilitating business outcome. The inexistence of general standards for business ethics makes it a flexible field. Flexibility appears in the different definitions and classifications wherever it is applied to particular problems of conduct.

In general, companies act ethically because they are afraid of being pursued, to save managers’ time that is being wasted in problem solving process, or because they think that this is the best way to do the job.

Being a manager and a good role model helps employees to do things in the right way. The most important thing for managers as role models is that what they do is much more important than what they say; if not, they have no credibility. Managers can give ethical messages to subordinates; but unless they live those messages, their subordinates won’t.

*Different variables were found to affect top managers’ ethical trends and Behavior, they are: personal values, organizational structure, organizational culture, and issue intensity:*

*Personal values* that are earned from the early years like ego strength and locus of control affect managers’ ethical actions. Also, four principles of ethical management OPAL (Openness, Performance with integrity, Accountability, and Leadership) along with their themes can help to assess management’s ethical behavior.

The more the *structures* are clear and encourage ethical behavior, the more they influence managers’ decisions. Therefore, formal guides can promote ethical behavior if used properly. Some tools are considered to be of great help for managers to use in their organizations to control ethical behavior. Examples of tools are codes of ethics, codes of conduct, Policies and procedures, resolving ethical dilemmas, and training.
In studying the relation between organization’s structure and its ethical behavior, it is important to focus on what organizations do, how they work, how they make decisions, and how they become places for individuals to act.

Providing the blueprint for the *corporate culture* is the top management’s role. An organization with a strong culture that supports ethical standards is more likely to tolerate risk, control, and conflict. Managers’ ethical or unethical behavior is more influenced by strong organizational culture that supports high ethical standards. In case of weak culture, managers are more likely to relay on work groups and departmental norms as behavioral guide. One important point is that organizational culture can be highly affected by external national or country culture.

Another variable that have a strong impact on ethical judgment and behavioral intention is the perceived importance of ethical issue intensity. Ethical issue intensity should be considered as a key factor in the ethical decision-making process. This is because it affects manager’s decisions when they have to choose among alternatives in ethical dilemmas. The more the intensity of an issue increases, the more managers are expected to act ethically.

After addressing the importance of the ethical behavior in different organizations of different nations, it is important to investigate whether managers support and demonstrate ethical Behavior in Palestinian large scale enterprises; whether they promote for ethical cultures, committed to ethical structures, consider issue intensity in ethical decision-making process, and the coherence of implementation tools with Palestinian norms and culture.
Chapter III:
The Research Design and Methodology
3.1 Introduction

The purpose of this study is to investigate and describe the ethical behavior in the Palestinian Large-Scale Enterprises. The study concentrates on top management’s trends toward ethical Behavior in these enterprises.

The research methodology relies on four essential steps. First, identifying the research questions to be answered; second, collecting information and data through distribution of questionnaires and conducting interviews; third, analyzing the data gathered; and fourth, finding answers for the questions asked, disseminating the findings, and providing the research’s recommendations.

This chapter discusses the literature on: research definition, methodology, design, sampling, and procedures of data collection and analysis. Each section will include a description of these research steps as applied for the purpose of this research. The limitations of the study are outlined at the end of this chapter.

3.2 Research Definition

Research in the field of Business can be defined as “a systematic inquiry that provides information to guide business decisions.” (Cooper & Emory, 1995, P:11)

The Belmont Report (1979) defines research as: “an activity designed to test a hypothesis, permit conclusions to be drawn, and thereby to develop or contribute to generalized knowledge (expressed, for example, in theories, principles, and statements of relationships). Research is usually described in a formal protocol that sets forth an objective and a set of procedures designed to reach that objective.”
Research provides the needed information for companies and managers to make better decisions in dealing with problems, especially when the information provided is a result of very careful analysis of data gathered for the first time.

### 3.3 Types of Research

Millar (1991) classifies research as one of three types:

1. **Applied Research**: the research that is made to solve a current problem.
2. **Basic Research**: a type of research that aims to generate new knowledge about social phenomena, hoping to establish general principles to explain them.
3. **Evaluation Research**: seeks to assess outcomes of the treatment applied to a social problem or the outcome of widespread practices. It is the type that is being followed through this study.

### 3.4 Types of Research Design

Cooper (1995) identifies research design as the plan for selecting the sources and types of information used to answer research questions, the framework for specifying the relationships among variables, and the blueprint that outlines each procedure from the hypothesis to the analysis of data. Based on its purpose, Sekaran (2003) classifies the research into three categories:

1. **Exploratory Study**: it is the type of this research design, undertaken when there is not much information about the situation in hand, or when no enough information is there about how such problems are solved in the past. In essence, exploratory studies are
undertaken when very few studies might have been conducted in certain areas to better comprehend the nature of the problem.

2- *Descriptive Study*: undertaken to be able to describe the characteristics of the variable of interest in a situation. The aim here is to give a description of the aspects of the phenomena of interest (like studying a group of employees to be able to describe their characteristics like the age, educational level, job status…etc)

3- *Hypothesis Testing*: this type of study is undertaken to explain the nature of certain relationships, or to establish the differences among groups or the independence of two or more factors in a situation. This type of study is also undertaken to explain the variance in the dependent variable, or to predict organizational outcomes.

### 3.5 Research Methodology

The following sections exhibit the basic quantitative and qualitative methodologies of research.

#### 3.5.1 Quantitative Research

According to Napier University, Quantitative research is descriptive and provides hard data on the numbers of people exhibiting certain Behavior, attitudes, etc. It also provides wide range of information since it allows any researcher to sample large numbers of the population.
The quantitative research includes a number of techniques: experimental, observation, and survey, which uses well-designed questionnaires or interviews which are used in this research. In order to be able to generalize and distribute the numerical and predictable results on the target group, we should use probability laws. However, to be able to use the probability laws, the sample must be randomly selected. (Sekaran, 2003).

3.5.2 Qualitative Research

Qualitative research is designed for exploratory purposes. It involves several approaches, such as in-depth interviewing, participant observation, films, photographs, videotaping, case studies, projective techniques, document analysis...etc. In case of complex phenomena that cannot be experienced, this kind of research analyzes human behavior and focuses on people’s experiences to provide results for such cases. In addition, qualitative research provides in depth information which can be used in its own right or to determine what attributes will subsequently be measured in quantitative studies. However, it relies heavily on the skills of the moderator or the researcher, is inevitably subjective and samples are small. (Cooper & Emory, 1995)

3.5.3 The Selected Methodology for the Study

In order to select an appropriate research methodology, we should consider the research type and the unit of analysis. Thus, the instruments used to collect data are: a questionnaire survey for middle level managers and the interviews for the top managers. The exploratory and evaluative methods are chosen for this study as it seeks to measure the degree of awareness and commitment to ethical Behavior and regulations. Furthermore, this study explores the percentage of enterprises that pay attention and are interested in strengthening ethical Behavior and their
supporting systems. For that, and since the sample can’t be considered really a small one, the quantitative research methodology was used.

3.6 Sampling

The purpose of this study is to describe the ethical behavior of top managers in the Palestinian Large-Scale Enterprises, and the effect of some factors like Organizational Structure, Organizational Culture, and the Issue intensity on managers’ ethical decision making.

3.6.1 The Selected Sample

With the population for the purpose of this study identified as Palestinian Large-Scale Enterprises, which is a cluster chosen out of the private sector in Palestine, the researcher, relying on non-probability sampling to get initial data from this cluster, has chosen the enterprises listed in Palestine Securities Exchange (PSE).

- One of the main reasons for choosing these enterprises is that they are more sensitive to ethical behavior. The term “company”, rather than “enterprise”, shall refer to any of the listed companies in PSE which forms the sample for this research.

- Also, the companies in this group are surely -capital wise- large scale Enterprises for “such company’s paid up capital shall not be less than seven hundred thousand (700,000) Jordanian dinars”; “Every Member Company shall have headquarters of its own and shall have at least three branches distributed between the Gaza Strip and three different governorates in the West Bank” (membership regulations, articles: 1, 54).
To get an official list of the names and addresses of the companies listed in the PSE, the researcher contacted employees in the PSE and searched their website for additional details and information (see Annex 2) for the list of listed companies.

The researcher had to study the entire sample of the companies listed in the PSE. Since the number of companies listed in the PSE is only 35, it is possible to apply the research to all of these listed companies.

3.6.2 Data Resources in this Research

1. Basic Data Resources: the main resource of data is the literature review presented in chapter two of this research.
2. Primary Data Resources: the data is collected through using questionnaires, targeting the middle level management, and the interviews with open questions, targeting the top management in the selected companies.
3. Secondary Data Resources: the secondary data resources are the PSE offices, both in Nablus and Ramallah and the PSE website, PCBS website and office and MAS office in Ramallah.

3.7 Data Collection Instruments

The data used in this study is mainly collected from the questionnaire that is distributed to the middle management within the selected sample.
3.7.1 The Questionnaire

Based on extensive literature review, the researcher designs a middle management questionnaire. It is divided into six sections: the first section includes demographic variables about the respondents (middle-level managers). The second section is designed to measure the similarity between the middle level manager and their top managers, which might affect the results. The third section includes personal assessment of top managers according to the OPAL principle mentioned in chapter two of this study. The fourth section evaluates the structural design and the ethical trend of the organization. The same section is continued at the end of questionnaire but with Yes/No questions. The fifth section evaluates the organizational culture and its influence on enforcing ethical Behavior. Finally, the sixth section evaluates the issue intensity of the actions as adapted to manager’s behavior. (See Annex 3)

3.7.2 The Interview

The main purpose of interviews with top management is to gain more information about the ethical question in the selected companies. The results obtained from interviews may support/explain some of the findings extracted from the middle management’s responses. Interviews may also show clearly top management’s attitude towards ethical Behavior, their actions to solve some ethical problems, and concerns about ethical Behavior and company’s reputation, whether they take actions to make it support their employees to act ethically. To gain knowledge about Top-Manager’s trends towards supporting ethical behavior within their companies, the researcher used semi-structured interviews. (See Annex 4)
3.7.3 Validity and Reliability

The questionnaire was reviewed to ensure validity and reliability. Some editing was made after conducting a pilot testing for the questionnaire. The researcher reviewed the edited questionnaire with three middle-level managers in different companies other than the selected group. Also, the researcher ran a pilot study to examine the edited version of this questionnaire. The questionnaire was tested on Cairo-Amman Bank (not part of the sample). The testing was very helpful and showed that some point were not clear enough and that they need to be clarified.

Reliability Test:

To be more confident with the reliability of the test, Cronbach's alpha coefficient was used to measure the reliability of the questionnaire. Cronbach's alpha measures how well a set of items (or variables) measures a single unidimensional latent construct. When data have a multidimensional structure, Cronbach's alpha will usually be low. Technically, Cronbach's alpha is not a statistical test - it is a coefficient of reliability (or consistency). In general, as the number of items increase, Cronbach's alpha will increase accordingly. According to UCLA: the Academic Technology Services, A reliability coefficient of .70 or higher is considered “acceptable” in most Social Science research situations. Table (3.1) shows that the test used to measure the different items was “highly” reliable.

<table>
<thead>
<tr>
<th>No</th>
<th>Item</th>
<th>No. of Items</th>
<th>Cronbach's Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Openness (five degree scale)</td>
<td>6</td>
<td>.822</td>
</tr>
<tr>
<td>2</td>
<td>Performance with Integrity (five degree scale)</td>
<td>8</td>
<td>.882</td>
</tr>
<tr>
<td>3</td>
<td>Accountability (five degree scale)</td>
<td>6</td>
<td>.881</td>
</tr>
</tbody>
</table>
Table 3.1a shows the reliability statistics for the actual sample. As one can see, there are some differences in Cronbach’s Alpha value between the pilot organization and the actual sample. The difference in reliability in the items is related to the difference between the nature and type of work for the selected sample and the tested organization (in the pilot testing). In addition, the OPAL has even scored a higher value that shows more reliability.

<table>
<thead>
<tr>
<th>No.</th>
<th>Item</th>
<th>No. of Items</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Openness (five degree scale)</td>
<td>6</td>
<td>.859</td>
</tr>
<tr>
<td>2</td>
<td>Performance with Integrity (five degree scale)</td>
<td>8</td>
<td>.887</td>
</tr>
<tr>
<td>3</td>
<td>Accountability (five degree scale)</td>
<td>6</td>
<td>.882</td>
</tr>
<tr>
<td>4</td>
<td>Leadership (five degree scale)</td>
<td>9</td>
<td>.915</td>
</tr>
<tr>
<td>5</td>
<td>“OPAL”</td>
<td>29</td>
<td>.966</td>
</tr>
<tr>
<td>6</td>
<td>Structure (five degree scale)</td>
<td>4</td>
<td>.710</td>
</tr>
<tr>
<td>7</td>
<td>Structure (Yes/No questions)</td>
<td>6</td>
<td>.710</td>
</tr>
<tr>
<td>8</td>
<td>Culture (five degree scale)</td>
<td>8</td>
<td>.701</td>
</tr>
<tr>
<td>9</td>
<td>Issue intensity (five degree scale)</td>
<td>6</td>
<td>.794</td>
</tr>
</tbody>
</table>

### 3.8 Procedures of Data Collection

#### 3.8.1 Introduction

The data is collected through using questionnaire survey. First, the researcher sends email messages clarifying the purpose of the study, the questionnaire, and the instructor’s supporting letter to the targeted companies. This is to ensure that top managers will allow the researcher to distribute the questionnaire between middle level managers in order to evaluate
them. Second, an appointment is set with top managers who accepted to be evaluated in order to have open-questions interviews with them later. At the same day, the researcher used to distribute the questionnaires and wait until they are filled in. In some cases, the researcher had to visit the same company twice or even three times in order to collect the filled in questionnaire from managers who are too busy to fill them in on time. Third, the researcher distributes the questionnaire in companies where she is allowed to do so, despite being unable to meet the top manager in some cases.

For companies based in Gaza, it is so hard to get feedback. After contacting them by phone and by e-mail, the researcher received only one filled in questionnaire -by Email- so it is not possible to study companies based in Gaza.

3.8.2 Respondents

The above mentioned data collection methods are supposed to maximize the response rate in the survey. This is supposed to reduce errors and make it possible to generalize the results to the population.

In terms of figures, the number of organizations listed in the PSE is 35. One of the organizations is suspended and so the researcher targeted the other 34 companies. Only 27 responded which makes the response rate equals to 79%. Table 3.2 shows the number of respondents per company. The number of respondents does not necessarily reflect the number of middle-level managers. That will be explained in more details in chapter four of this study.
### Table 3.2: Number of Respondents per Company

<table>
<thead>
<tr>
<th>Company</th>
<th>No. of Respondents</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ACPC</td>
<td>2</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td>2</td>
<td>AIB</td>
<td>8</td>
<td>6.8</td>
<td>6.8</td>
</tr>
<tr>
<td>3</td>
<td>AIE</td>
<td>4</td>
<td>3.4</td>
<td>3.4</td>
</tr>
<tr>
<td>4</td>
<td>AMB</td>
<td>9</td>
<td>7.6</td>
<td>7.6</td>
</tr>
<tr>
<td>5</td>
<td>APC</td>
<td>2</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td>6</td>
<td>ARAB</td>
<td>2</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td>7</td>
<td>ARE</td>
<td>3</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>8</td>
<td>AZIZA</td>
<td>4</td>
<td>3.4</td>
<td>3.4</td>
</tr>
<tr>
<td>9</td>
<td>BPC</td>
<td>8</td>
<td>6.8</td>
<td>6.8</td>
</tr>
<tr>
<td>10</td>
<td>CBP</td>
<td>6</td>
<td>5.1</td>
<td>5.1</td>
</tr>
<tr>
<td>11</td>
<td>GMC</td>
<td>4</td>
<td>3.4</td>
<td>3.4</td>
</tr>
<tr>
<td>12</td>
<td>IID</td>
<td>1</td>
<td>.8</td>
<td>.8</td>
</tr>
<tr>
<td>13</td>
<td>JCC</td>
<td>5</td>
<td>4.2</td>
<td>4.2</td>
</tr>
<tr>
<td>14</td>
<td>JPH</td>
<td>8</td>
<td>6.8</td>
<td>6.8</td>
</tr>
<tr>
<td>15</td>
<td>JREI</td>
<td>1</td>
<td>.8</td>
<td>.8</td>
</tr>
<tr>
<td>16</td>
<td>LADAEN</td>
<td>3</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>17</td>
<td>MIC</td>
<td>4</td>
<td>3.4</td>
<td>3.4</td>
</tr>
<tr>
<td>18</td>
<td>NCI</td>
<td>3</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>19</td>
<td>NIC</td>
<td>6</td>
<td>5.1</td>
<td>5.1</td>
</tr>
<tr>
<td>20</td>
<td>PADICO</td>
<td>2</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td>21</td>
<td>PALTEL</td>
<td>3</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>22</td>
<td>PIBC</td>
<td>5</td>
<td>4.2</td>
<td>4.2</td>
</tr>
<tr>
<td>23</td>
<td>PID</td>
<td>1</td>
<td>.8</td>
<td>.8</td>
</tr>
<tr>
<td>24</td>
<td>PLAZA</td>
<td>4</td>
<td>3.4</td>
<td>3.4</td>
</tr>
<tr>
<td>25</td>
<td>PRICO</td>
<td>3</td>
<td>2.5</td>
<td>2.5</td>
</tr>
</tbody>
</table>
3.8.3 Reasons for Non-response

Two of the targeted organizations are based in Gaza. After contacting them twice by phone and by mail, the researcher got only one filled questionnaire by mail.

One organization did apologize because their top manager is away on a sick leave and there is no authorized person to allow the researcher to distribute the questionnaire.

Three organizations did not cooperate with the researcher. They claimed that they are busy to justify their unwillingness to answer the questionnaire. The final organization did not respond and did not justify.

3.9 Procedures of Data Analysis

3.9.1 Themes for Analysis

The main purpose of the study is to be able to describe the ethical situation and the ethical trends of top managers in Palestinian Large-Scale Enterprises. To do so, the researcher had to target a segment of the Palestinian organizations that are able to make a difference and in which the ethical behavior is considered a sensitive issue. Furthermore, the study clarifies whether there is an existing code of ethics in these companies or not, and the barriers that prevent the companies from creating or adopting a code of ethics. The study also shed light

<table>
<thead>
<tr>
<th></th>
<th>QUDS</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9</td>
<td>7.6</td>
<td>7.6</td>
<td>93.2</td>
</tr>
<tr>
<td>26</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>VOIC</td>
<td>8</td>
<td>6.8</td>
<td>100.0</td>
</tr>
<tr>
<td>27</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>118</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Total

QUDS

VOIC

118

100.0

100.0
on the structure and culture of the targeted organizations and their effect on the ethical behavior of the targeted companies.

3.9.2 Data Management

First: all the data is entered into the SPSS program for analysis. During the data entry process, the researcher made in no doubt that there are:

- No duplication of the questionnaires. All the questionnaires had serial numbers in case the researcher had to go back to check the answers of the respondents.

- Some of the questionnaire had to be excluded for not being answered properly, or for not being fully answered.

- The data is consistently checked and reviewed. And some questionnaires are reviewed twice to fix some mistakes that are made by the data entry.

- The open-questions that are filled during the interview with top managers where also reviewed and a special SPSS file is created to show the top managers’ point of views and to be able to compare some of them with the answers provided by middle level managers.

It's worth mentioning that the non response of some companies, and the missing data in some filled questionnaires had affected the overall results of the research.
3.9.3 Data Analysis

In order to permit a careful analysis of the data, the descriptive-analytical method is used. Each question is entered as a numeric number. The data is organized, transformed, variables where computed, recoded, and analyzed using the software program (SPSS version 15), which served as spreadsheet for data entry as well as statistical analysis tool.

3.9.1 Data Analysis and Testing of Research Questions:

Since the data is collected and analyzed to try to collect some answers for the previously mentioned questions in chapter one, the data is analyzed and tested according to the following steps:

a- Step One: the descriptive data for the targeted companies started with the companies’ and respondents’ profile analysis; frequencies are made in respect of the location and sector for the targeted companies. And for age, gender, position, education, and experience of respondents.

b- Step Two: the questionnaire is divided into a number of parts that cover different areas. The final data is computed and recoded to reach the suitable representable findings.

c- Step Three: Cross tabulation is carried in order to examine the existing correlations and relationships that are revealed in this study.

d- Step Four: the top-managers’ open questions are analyzed and frequencies are prepared.
3.10 Limitations of the Study

During the research process, the researcher faced some obstacles and limitations that had an effect on the study:

- It is very hard to get a list of the entire population frame since there is no one clear definition of what Palestinian large-scale organizations are; the definition differs according to different factors like: their capital, assets, sales, added value, and the total number of employees. Another factor behind the scarcity of information about this cluster is that the Palestinian Central Bureau of Statistics (PCBS) does not have a full list of these enterprises, since they choose only a sample for their studies and then they generalize the findings. PCBS has full information about the enterprises included in their sampling only and is considered confidential.

- Excluding companies based in Gaza because of the mobility restrictions that are imposed by the Israeli authorities. The researcher tried to contact these companies by phone and by mail but only got one response. This had forced the researcher to exclude these companies.

- The questionnaire was self-administered. A limitation can be considered in some companies where the respondents didn't receive help from the researcher in explaining vague questions.

- A possible limitation for the questionnaire is the translation from English to Arabic. Since the main expressions are in English, translation -sometimes- affected the
questionnaire by adding ambiguity to some sentences. The researcher had to clarify the meaning to some of the respondents, then to edit and reprint questionnaires for the future respondents.

- The researcher had to call on all the companies, send them questionnaire and recommendation letter of the research supervisor, and sometimes do more than one visit -sometimes three- to pick up the filled questionnaires or to meet with top managers. This have doubled the time allocated for the field work.

- In some target companies, only one central department exists, and thus the response comes from one individual respondent to evaluate the top manager of that company.

- Some top managers gave misleading answers to the open questions they are asked. The researcher found that by coincidence; when one of the top managers admitted -by mistake- that his company paid bribe to some employees working in governmental organizations.

- The only female top-manager did not allow the researcher neither to meet with her, nor to distribute the questionnaire claiming that they are busy. This did not give the chance for the researcher to compare between male and female assuming a top-manager position.
3.11 Summary

The purpose of this research is to investigate the top managers’ ethical behavior and trends towards ethical behavior in Palestinian large scale enterprises. It seeks to measure the ethical awareness, ethical structure, and ethical culture for the targeted enterprises. Consequently, the exploratory and the evaluative types of researches are chosen for the purpose of this study. The quantitative research methodology was used too.

The face to face interviews and the questionnaires are the two main tools that are used to collect the information. The sample is selected carefully and after studying the PSE rules and regulations. The number of respondents is 120. However, the researcher had to exclude two questionnaires for not being fully filled. The number of respondents for the face to face interviews is 18 for top managers who actually are running 19 companies. This is because one of the respondents is the top manager for two companies at the same time.

The data is checked, cleaned, analyzed, and organized carefully to be able to reach the final results that will be shown in chapter four. The data is analyzed using (SPSS version 15) which acts as a spreadsheet as well as a statistical tool.

Finally, the data is analyzed by generating frequency distributions and charts in order to answer the research questions mentioned in chapter one. Cross tabulation is carried in order to examine the existing correlations and relationships that are revealed in this study.
Chapter IV

Findings
4.1 Introduction

The main aim of this study is to describe the managerial ethical behavior in Palestinian Large Scale enterprises and ethical trends of top management level in the same enterprises. The researcher design a closed-end questionnaire for middle level managers (managers of central departments), and semi-structured interviews with top managers. All questions in both the questionnaire and interviews are selected to fulfill the descriptive aim of this study. The result of analysis covers the following items:

- Description of the companies’ profiles, middle level managers (called hereafter respondents), and top managers (as seen by the respondents);
- Ethical behavior of top managers according to the OPAL\(^1\) principle and from the perception of middle level managers;
- Companies’ structure (to test its influence on having an atmosphere that supports ethical behavior);
- Companies’ culture (to test its influence on having an atmosphere that supports ethical behavior);
- The issue intensity (factors that affect the manager’s decision, and might have implications on how ethical their decision are);
- Some cross-tabulations between companies’ location, sector, structure, culture, and top manager’s ethical behavior
- Top managers’ answers and point of views regarding ethical behavior in the companies they work for.

\(^1\) Openness, Performance with integrity, Accountability, and Leadership.
4.2 Companies’ Profiles

The respondent companies are 27 out of 35 companies listed in the Palestine Securities Exchange (PSE), and are selected for this survey as they form part of the Palestinian Large-Scale Companies sector in Palestine. The causes of having this level of response are mentioned in Chapter Three, section 3.8.3.

Table 4.2 below summarizes the distribution of companies, listed in PSE, and the number of respondents across sectors and cities.

Table 4.1: Description of the Sample and Respondent Companies

<table>
<thead>
<tr>
<th>Sector</th>
<th>No of Companies</th>
<th>Respondent Companies</th>
<th>City</th>
<th>No of Companies</th>
<th>Respondent Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking</td>
<td>6</td>
<td>5</td>
<td>Ramallah</td>
<td>15</td>
<td>11</td>
</tr>
<tr>
<td>Insurance</td>
<td>4</td>
<td>3</td>
<td>Al-Bireh</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Investment</td>
<td>8</td>
<td>6</td>
<td>Nablus</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>10</td>
<td>10</td>
<td>Tulkarem</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Services</td>
<td>7</td>
<td>3</td>
<td>Jerusalem</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>35</td>
<td>Gaza</td>
<td>2</td>
<td>0</td>
</tr>
</tbody>
</table>

4.3 Description of Sample

The distribution of respondents over cities is as follow: the majority of respondents (47%) are based in Ramallah city, 22% in Nablus, and 21% in Al-Bireh. In total, Ramallah and Al-Bireh governorate hosted around two third of the respondents. This is logical, given the fact
that 20 companies out of 35, listed in PSE, are located in Ramallah and Al-Bireh governorate.

Figure 4.1
Distribution of Respondents in Palestinian Cities

2 The distribution of respondents over sectors shows that manufacturing (41%) and banking (31%) include the majority of respondents (See Figure 4.2). This could be explained in light of having a high number of central departments in both the manufacturing and banking sectors, and because of receiving a full response from all of the approached middle level management staff within these two sectors. The remaining number of respondents is distributed among the other sectors.

Figure 4.2
Distribution of Respondents over Sectors in PSE
Figure 4.3 shows the distribution of participants across cities and sectors. Using the Statistical Package for Social Sciences (SPSS), a cross tabulation of the two variables: cities and sectors, shows that Ramallah and Al-Bireh include all the respondents from central departments. Nablus includes the highest number of respondents coming from the manufacturing sector.

### Figure 4.3

**Sector Distribution over Cities**

<table>
<thead>
<tr>
<th>City</th>
<th>No. of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ramallah</td>
<td>25</td>
</tr>
<tr>
<td>Al-Bireh</td>
<td>20</td>
</tr>
<tr>
<td>Nablus</td>
<td>15</td>
</tr>
<tr>
<td>Jerusalem</td>
<td>10</td>
</tr>
<tr>
<td>Tulkarem</td>
<td>5</td>
</tr>
</tbody>
</table>

### 4.4 Respondents’ Profiles

When distributing the 118 respondents according to their positions, the majority are managers (63%) and deputy managers (8%) (See Figure 4.4). Although the researcher makes it very clear to the respondents’ companies that the target group is the managers of central departments, and –if not available- their deputies, yet a sizable part (one third of respondents) are assuming positions other than a manager or a deputy manager. Apparently, the respondents’ companies have either spread/asked other respondents to fill in the questionnaire, rather than the target group, or this shows that staffs with different position titles are assuming the position of acting managers.
The respondents’ ages categorizations are shown in Figure 4.5 The majority of respondents (41%) are aged between 31 to 40 years. Around one third of the sample is aged between 41 to 50 years. In general the sample shows a normal distribution, with ¾ the sample falling between 31 and 50 years.
6 Figure 4.6 shows the distribution of respondents according to their gender. Unsurprisingly, 85% of respondents are males.

![Figure 4.6](image-url)

7 Figure 4.7 shows the educational level of respondents. The majority of respondents (60%) hold a BA degree, 29% of them hold a master degree, 4% hold a PHD, and 5% hold degrees less than a BA.

![Figure 4.7](image-url)
When cross tabulating respondents’ positions with education, 4% of the managers are holding less than a BA. Figure 4.8 shows the distribution of these two variables.

When respondents are asked about the number of years they have spent working with their current employers, 39% of them state that they have been working for more than ten years, 27% for 5-10 years, 20% for 2-5 years, 8% for less than two years, and 6% are newly employed, assuming their positions for less than one year. The distribution means that the majority of respondents are familiar with cultural norms and values. Figure 4.9 shows this distribution.
When respondents are asked about the number of years they have been working in their positions, the results are as: 29% of the respondents have been occupying their positions for 5-10 years, 28% for 2-5 years, 15% for more than 10 years, another 15% for 1-2 years, and 13% have occupied the position for less than one year. Figure 4.10 shows the normal distribution of this variable.
4.5 Top Managers’ Profiles

Semi-structured interviews are used to gather top managers’ point of views. The researcher got some interesting information directly from the top managers and/or their deputies. Figure 4.11 below shows the distribution of respondent top managers over cities.

![Distribution of Top Managers over Cities](image)

All the top managers in the companies listed in PSE are males, with one exception. The only top female manager, however, did not give an approval for the researcher to meet her staff and distribute the questionnaire among the middle level management. Figure 4.12 shows the distribution of top managers’ according to their ages. Respondents (middle level managers, as described in previous sections) have to fill in data about their managers, so that the researcher can investigate whether they have enough information about their supervisors or not. Also, the researcher is interested in measuring the effect of similarity (if any) between middle and top level management on the respondents’ evaluation. This should be decided for after analyzing the questionnaires and interview questions and compare answers. It is worth mentioning that 26% of the top managers’ ages are over 60 years. The majority of the top
managers (65%) are aged between 41-60 years. This age distribution indicates the openness and willingness to adopt and distribute new organizational systems (like systems that support ethical behavior).

Figure 4.12
Top Manager’s Age

![Top Manager’s Age Chart]

Figure 4.13 shows the top managers’ educational level. Surprisingly, 6% hold less than a BA, 50% of the top managers are BA holders, 29% of them are Master Degree holders, and 10% are PHD holders. Having top managers with less-than-BA degree raises questions on how ethical were the ways they occupied their positions. However, the figure shows a normal distribution for this variable.

Figure 4.13
Top Manager’s Level of Education

![Top Manager’s Level of Education Chart]
Cross tabulating the top managers’ level of education over sectors shows that the banking and manufacturing sectors had top managers holding less than a BA (See Figure 4.14). This can be explained, as in top management, over 62% of managers exceeded 50 years old, some of whom are promoted over years based on their rich and long experience, notably in these two sectors.

Figures 4.15 and 4.16 below show the number of years that top managers spent in their current employer companies, and the number of years they spent occupying their positions as top managers. To more explain why some top managers do not possess a BA degree, 41% of the top managers have been working for their companies for more than 10 years, which supports the argument that they reach this position through long experience with their companies.
It is also interesting to find that 28% of the top managers are quite new in their positions; they have been occupying their positions for less than one year, in addition to 21% of the top managers who have been occupying their positions for the last 1-2 years. However, 25% of the top managers are assigned in such position for more than 10 years. This shows the diversity in companies’ polices for filling top managers’ position by hiring outsiders, assigning company-owners’ relatives, or by promoting its own employees.
Findings (Answering Research Questions)

Q1: Do top managers in Palestinian Large Scale Enterprises act ethically?

Top Managers’ Ethical Behavior (OPAL)

With the main aim of this research to gain information about how the middle level managers view their top managers’ ethical behavior, the research deployed the OPAL framework of principles (Hunt, 1999). The OPAL presents a mix of four main variables (Openness, Performance with integrity, Accountability, and Leadership) to measure the ethical Behavior of managers.

4.5.1 Openness

Figure 4.17 shows that 80% of the middle level managers classify their top managers as being very open, 19% find their managers moderately open and only 1% think that their managers are not open. Openness is measured by six statements in a likert scale format in the research instrument; Respondents are directly asked whether their top managers are open, impartial in dealing with subordinates and in solving the problems, allow for Expression of Views, trustworthy, active communicators, and if they are Always available and easy to be
reached. These factors are considered by Mr. Geoff Hunt’s model to evaluate top managers’ ethical behavior. As mentioned in Chapter three table 3.1a, this dimension scored 0.859 of Cronbach’s Alpha factor which reflects high internal consistency and reliability in evaluating openness. The total mean for Openness was 4.19, towards agreement, on a five degree scale. As compared with the other dimensions, Openness scored the highest total mean.

4.5.2 Performance with Integrity

Figure 4.18 shows the top managers’ performance with integrity. Around 71% of the respondents believe that their top managers highly encourage performance with integrity, 28% thought that their top managers encourage to some extent performance with integrity, and only 1% did not find his/her manager encouraging performance with integrity. Performance with integrity is measured by eight statements in a likert scale format in the original questionnaire used in this research. These direct statements are designed to evaluate whether top managers respect the privacy and confidentiality of individuals, create a working environment of praise and recognition, deal constructively with poor performance, if they are professional and wise in using their authorities, define success not just by results, but also by the way that they are obtained, disciplines employees who violate ethical standards, and whether they act like or maybe considered as a guardian of the integrity of the organization. This dimension scored .887 of Cronbach’s Alpha factor which reflects high internal consistency and reliability in evaluating Performance with Integrity. The total mean for Openness was 4.06 on a five degree scale.
4.5.3 Accountability

Figure 4.19 presents the top managers accountability from respondents’ perspective. It shows that 71% of the respondents thought that the top managers are highly self accountable, 28% thought that top managers are moderately self accountable, and only 2% thought that top managers are not self accountable. Accountability is measured by another six statements in the likert scale of the questionnaire. Respondents are asked if their top managers openly accept consequences of their actions, accept responsibility to praise/reward good performance and deal with poor performance of their own staff, avoid conflict of interest, avoid acting in discriminatory fashion, helps developing and maintaining organizational processes of accountability, and if they are consistent in his moral judgments. Cronbach’s Alpha for Accountability was 0.882 which reflects high internal consistency and reliability. The total mean for accountability was 3.96 on a five degree scale. As compared with the other dimensions, Accountability scored the lowest total mean.
4.5.4 Leadership

Figure 4.20 evaluates the top managers’ leadership. Unsurprisingly, the results for this section are consistent with previous sections, with 73% of respondents believing that the top managers enjoyed a high leadership talent, 26% thought that top managers enjoyed some or medium leadership talent, and 1% thought that top managers did not enjoy leadership talent. However, it should be kept in mind that among middle level managers, there are two groups who either evaluated their top managers who possess a lower academic degree than their co-workers, and/or evaluated their top managers who are younger than them. Yet, the results here show that though the interaction between these two groups and supervisor is less than one year, the respondents find there is a leadership talent that their top managers enjoy. Leadership is measured in nine statements within the used likert scale. These nine elements are put together to evaluate whether top managers promote and encourage the sense of responsibility among subordinates, interacts positively with staff, have a negotiating attitude
to problem-solving, promote a positive ethical culture for our team, create and/or support empowerment, avoid demeaning or de-valuing staff, respect conscience and integrity of subordinates, enjoy a strong ego, and set an example of how to do things the right way in terms of ethics. By calculating the average for previously mentioned elements, the researcher is able to evaluate top managers’ leadership dimension. Cronbach’s Alpha for this dimension of the OPAL is 0.915 which reflects high reliability for this dimension and the total mean was 4.0.

![Figure 4.20](image-url)

**Figure 4.20**
Top Manager’s Leadership
4.5.5 OPAL

Figure 4.21 summarizes the top managers’ ethical behavior according to the OPAL principles: 75% of respondents thought that their top managers are acting ethically, 23% thought that top managers are to some extent acting ethically, and only 1% of respondents thought that top managers did not act ethically.

OPAL summarizes all the previously mentioned dimensions of (Openness, Performance with integrity, Accountability, and Leadership). This means that 29 elements are used to evaluate top managers’ ethical behavior. These elements scored 0.966 when tested for Cronbach’s Alpha reliability test. Finally, the total mean for OPAL was 4.03 towards agreement.
Ethical Behavior in Palestinian Large Scale Enterprises

Summary:

Table 4.2 summarizes the total means for the OPAL principle. The results show high scores towards agreement that top managers are acting ethically (middle-level management’s perspective).

Table 4.2 (Total Mean for OPAL)

<table>
<thead>
<tr>
<th>Principle</th>
<th>Total Mean (a five degree scale)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Openness</td>
<td>4.19</td>
</tr>
<tr>
<td>Performance with integrity</td>
<td>4.06</td>
</tr>
<tr>
<td>Accountability</td>
<td>3.96</td>
</tr>
<tr>
<td>Leadership</td>
<td>4.00</td>
</tr>
<tr>
<td><strong>OPAL</strong></td>
<td><strong>4.03</strong></td>
</tr>
</tbody>
</table>

Top Managers Perceptions:

Figure 4.22 shows that 11 out of 18 managers faced a situation of “conflict of interest” at work. Following are some examples given by top managers regarding examples of conflict of interest they had to face, some of whom, however, apparently tackled it through behaving unethically:

- “I refused to sell an apartment in order to keep it for myself”
- “A member of the Board of Directors treated one employee in an unacceptable way and I supported the employee against the member”
- Is threatened for refusing to give an experience letter to an employee
• Threatened by an employee for payment issues, by drivers...etc, and all are solved through Palestinian culture and—sometimes—by using the law.

• Had to terminate the contract of a very close relative

• Asking an important customer to apologize for the guard (the customer apologized). In another case the customer refused to apologize and left the organization.

• For 30 years, the manager refused to employ a relative in the company.

Figure 4.22

Have you ever faced a situation with conflict of interest?

23 Figure 4.23 shows that 4 out of 18 managers find themselves sometimes forced to break the companies’ ethical rules in order to get the job done. Following are some top managers’ examples of breaking some rules:

• Taking no action after humiliating an employee by an important customer;

• Overcoming the Board of Directors’ decisions by selling apartments for higher prices than they were allowed;
- Selling below-standard products (the customer still gets them for better price but the internal rules for the company prevents them to do so);
- Had to lie to some customers about actual delivery times;
- Paying bribes for employees in governmental organizations to finish their work faster.

Figure 4.23
Have you ever found yourself forced to break the company's ethical rules in order to get the job done?

The researcher here raises her concern regarding the credibility of respondents’ answers on the OPAL, with as high as ¾ of top managers being perceived by their co-workers as acting ethically.

As the questionnaires are not always filled in and collected immediately due to having full schedules for respondents, explaining why they cannot fill it on the spot, such questionnaires
may have been seen by the evaluated top manager, and thus respondents may have been hesitant to indicate their real opinion about how ethical their managers are.

Even when questionnaires are filled immediately, middle level managers did not seem confident that results will not be reviewed by top managers during the interviews with them.

4.6 Organizational Structure and Ethical Behavior

Q2: Does the organizational structure help managers /employees to act ethically? Are Palestinian Large Scale Enterprises in need for a code of ethics?

It is important to inspect the effect of organizational structure on ethical behavior. The structure of companies can support top managers in taking ethical decisions and preventing them from making unethical decisions, or it may not have any effect on their ethical behavior inside the organization.

The researcher added some variables to the questionnaire to study the influence, if there is any, of the organizational structure on supporting top managers in making ethical decisions. Four structural elements are evaluated using likert scale. These elements question companies’ rewards for ethical managers or employees, if the appraisal systems focuses on the means that are used to achieve the goals as well as the outputs, and if the structure in organizations is considered centralized.
The last part of the questionnaire is also designed to measure the structure; seven elements are prepared to investigate whether companies’ structures promotes ethical behavior using formal rules and regulations, whether there are clear job descriptions, written code of ethics, an appraisal system, suitable job ethics training, and whether system allows making private phone calls, with certain limits, from work and pay them back later. The last element is added to study companies’ flexibility in setting their structure.

All the previous mentioned elements (the four scaled sentences and the yes/no part of the questionnaire) are calculated to come up with a new variable which evaluates the influence of organizational structure on ethical behavior at respondents’ companies.

Figure 4.24 shows that 27.1% of respondents think that their companies’ structures highly encourage ethical behavior, 36.4% think that their companies’ structures moderately encourage ethical behavior, and 8.5% think that their companies’ structures do not encourage ethical behavior. However, 28% of the readings are missing.

This is quite high percentage that results from having missing data in one or more of the variables that form this domain.
There should be a written Code of Ethics but there are no problems caused by not doing so. We use the Labor law and organization's bylaws. Ethical issues are included in the organization's bylaws. We use the Labor law and organization's bylaws. There should be a written Code of Ethics but there are no problems caused by not doing so.

Figure 4.25 shows the top managers’ point of view regarding how helpful the code of ethics can be in reducing misconduct. Notifying that none of the targeted companies had a separate code of ethics.
Following are some comments by top managers when they are asked about the importance of having code of ethics:

- “The law is put to be violated”
- “No need for it. We depend on culture and upbringing”
- “Not all written things are good things”
- “It will not have that strong effect. Situation in Palestine is different. Employees are not interested”
- “Our laws, bylaws, and codes of ethics is the labor law and the bylaws of the company”
- “It is good for the employee and for protecting the organization”
- “It is important and we are working on issuing our own code of ethics. However we used the Palestinian culture before to convince a customer to apologize for our employee”.

One of the variables that measure the effect of companies’ organizational structure on ethical behavior is a direct question on whether these companies have a written Code of Ethics or not. Although interviews with top managers showed that none of the target companies have an explicitly written code of ethics, interestingly, 36 respondents believe that their companies have a written code of ethics (Figure 4.26). This could be explained by one or more of the following:
• Respondents may have not comprehended the meaning of having a separate code of ethics within their companies;

• The researcher believes that respondents may have considered some articles in their companies’ bylaws as a written guide for ethical behavior; and/or because

• Some respondents showed verbally to the researcher their interest in presenting a good image of their companies and workplaces, which might have been reflected in their answers.

Figure 4.26
There is a written code of ethics in my organization
4.7 Culture and Ethical Behavior

Q3: Does the organizational culture help managers /employees to act ethically?

The organizational culture serves as a driving force that may shape the company’s trends in making ethical behavior and taking ethical decisions. The questionnaire included 8 variables, each of which measures how the organizational culture contributes to forcing ethical behavior. The summation of results from these variables resulted in an index that shows how culture influences ethical behavior.

Figure 4.27 shows that a high percentage of 86% of respondents believe that their organizational culture highly or moderately encourages ethical behavior. Comparing this percentage with how respondents find the influence of organizational structure on promoting ethical behavior (64% believe that structure highly or moderately promotes ethical behavior in their companies). The researcher concludes that organizational culture is a stronger driving force for ethical behavior.

This is a logical result, as respondents find that their organizational culture forms a part of the wider Palestinian culture in their external environment, which normally overlaps and penetrates in the internal organizational environment.

“It is mainly our Palestinian culture that shapes our behavior. The traditions, norms and costumes are all setting the parameters for what is ethically accepted
inside the company. It all depends on the way how our parents have raised us up”. A top manager from a manufacturing company.

4.8 Issue Intensity adopted to Top Managers’ Actions

Q4: What factors affect managers’ ethical decision making?

The Issue intensity reflects the severity of an ethical dilemma or a decision, and how much influence the decision has on related individuals and/or groups. Six variables are included in the questionnaire to measure issue intensity. Each of these variables identifies a certain parameter that top managers may take into consideration when making a decision.
Figures 4.28 through 4.33 show which points the top managers take into consideration prior to making any decision that may have ethical implications (from respondents’ perspective):

1- Concentration of the action on victims;
2- Closeness of the potential victims;
3- Rapidity of the harm;
4- Possibility of causing harm;
5- The degree of agreement that the action is wrong;
6- The number of people that will be harmed.

Figure 4.28
How concentrated is the effect of the action on the victims

- I do not agree: 26.3%
- Neither Agree nor Disagree: 15.3%
- I agree: 26.3%
- Missing: 56.8%
Ethical Behavior in Palestinian Large Scale Enterprises

Figure 4.29 How close are the potential victims

Figure 4.30 If the harm will be felt immediately

Figure 4.31 How likely is it that his action will cause harm

Figure 4.32 How much agreement is there that this action is wrong

Figure 4.33 The number of people that will be harmed
Although subordinates have strongly indicated that their top managers act ethically and carefully take the issue intensity into consideration before making decisions that may harm other employees. Figure 4.33, surprisingly, shows that top managers’ main concern when taking their decisions is the “benefit of the work.”

**Figure 4.34**
What are the most important factors you take into consideration before you make a decision, and while implementing it?

4.9 Top Managers’ Trends for Ethical Behavior:

Q5: Do top managers have trends for ethical business? Do they encourage ethical behavior in their companies?

Middle Level Managers’ Perceptions:

According to the previous estimated OPAL measures/indicators, Top managers have trends for ethical business and they encourage ethical behavior in their companies.
Top Managers’ perceptions:

35. When interviewing top managers, they are asked if they ever took any disciplining measures against some of their employees for making unethical behavior. Figure 4.35 shows that 16 out of 18 top managers stated clearly that some employees had received and/or are disciplined for committing unethical behavior.

![Figure 4.35](image)

36. Figure 4.36 shows the mechanisms that are used in companies to detect ethical/unethical behavior. It is interesting to know that 12 out of 30 answers are “the control on phone calls,” meaning that a sizable category of unethical behavior is related to abusing the system and deploying organizational resources for personal use.
Figure 4.36
What kinds of mechanisms do you have to detect ethical/unethical behaviors?

- No need
- No formal mechanisms, observation, preventing smoking
- Control on phone calls, internal inspection and auditing
- Controlling internet connections, using monitoring screens, using security systems
- Investigation
- Complaints box
- Mystery shoppers

37- Figure 4.37 shows the top managers’ answers regarding what measures they take to encourage ethical behavior in their organizations. Most top managers think that the best way to encourage ethical behavior is by acting as a role model to subordinates. Following are some examples of what top managers do to act as role models to their subordinates:

- Paying for personal calls;
- Paying for hospitality expenses;
- Clarifying job descriptions;
- Respecting dates and deadlines;
- Being honest;
- Working hard to finish the job or the mission;
- Controlling car usage;
- Being committed to the job;
- Following the rules and regulations like any other employee in the organization;
- “Although my car is fully insured through my company, I made an accident and paid all the fees since it is my driving mistake”.

Figure 4.37
What do you do to encourage ethical behavior in your organization?
4.10 Distribution of Respondents’ Perception to their Top Managers’ Ethical Behavior Over Cities:

38- Figure 4.38 shows that in Ramallah, some respondents thought their top managers are not acting ethically. Out of 118 respondents, only one respondent evaluated his/her manager as being not ethical. The other respondents of the same company evaluated their top manager as being acting ethically to some extent. None of the respondents from the same company has evaluated his top manager as being acting very ethically.

In this company, which shows an irregular pattern, the top manager has resigned and is about to leave. According to the researcher, the respondents did not feel threatened, afraid, or they did not even feel that they have to please the top manager since he is leaving. Apparently, they filled the questionnaire freely.
39- Figure 4.39 shows that there are respondents in all cities who thought that their companies’ organizational structures do not encourage ethical behavior.

![Distribution of Ethical Trends for Organizational Structure over Cities](image)

40- Figure 4.40 shows that 4% of the respondents who are based in Al-Bireh and Nablus cities thought that their companies’ organizational culture did not encourage ethical behavior.

![Distribution of Ethical Trends for Organizational Culture over Cities](image)
4.11 Distribution of Respondents’ Perception to their Top Managers’ Ethical Behavior Over Sectors:

41- Figure 4.41 shows that the manufacturing sector is the only sector to have a manager with no ethical behavior (according to respondent’s point of views). This is the case explained earlier in Ramallah where the manager is leaving.

![Figure 4.41](image_url)

42- Figure 4.42 shows the distribution of ethical trends based on companies’ organizational structure over sectors. Some of the respondents from banking, insurance, and manufacturing sectors thought that the organizational structure did not encourage ethical behavior. The highest percentage is from the manufacturing sector.
Figure 4.42

Distribution of Ethical Trends for Organizational Structure over Sectors

Figure 4.43 shows the distribution of ethical trends based on companies’ organizational culture over sectors. Some respondents from banking, insurance, and investment sectors thought that the organizational culture did not encourage ethical behavior.
4.12 Comments by Respondents

In addition to the previous opinions of top managers, the researcher had some notes and comments during the research process:

- As noticed by the researcher, employees seem to be happy with their top management in three companies. Their actions show that they are satisfied and some of them thought that it will be a good opportunity for the researcher to meet their top manager.

- Most top managers allowed the researcher to spread the questionnaire without reading it carefully; some only scanned it, and some did not take a look at it.

- Some Items are added to the questionnaire to be able to evaluate the effect of the similarity –between the respondent and the top manager- on the final evaluation for top managers’ ethical behavior. However, that measure is not necessary since most of the respondents evaluated their top managers as being ethical. Evaluating their top managers as being ethical can’t be related to similarity itself; there is a high diversity between top managers and the middle level managers while most shared very close opinions about their top managers. This will not lead us to relation that can be connected to similarity.

- In general, companies located outside Ramallah & Al-Bireh are more cooperative with the researcher than the ones located in Ramallah & Al-Bireh governorate.
• Some respondents are asked to evaluate their company in a good way by their colleagues so as not to put it in an embarrassing situation.

4.13 Conclusion of the main findings

The following conclusions that forms the answers for the main research questions:

- 80% of the middle level managers classify their top managers as being very open.
- Around 71% of the respondents believe that their top managers highly encourage performance with integrity.
- 71% of the respondents thought that the top managers are highly self accountable.
- 73% of respondents believed that the top managers enjoyed a high leadership talent.
- 75% of respondents thought that their top managers are acting ethically according to the OPAL principle.
- Although interviews with top managers showed that none of the target companies have an explicitly written code of ethics, 36 respondents believe that their companies have a written code of ethics;
- 86% of respondents believe that their organizational culture highly or moderately encourages ethical behavior. They are from banking, insurance, and investment sectors;
- 64% believe that structure highly or moderately promotes ethical behavior in their companies. They are from banking, insurance, and manufacturing sectors;
- One conclusion is that organizational culture is a stronger driving force for ethical behavior than the organizational structure. This is a logical result, as respondents find
that their organizational culture forms a part of the wider Palestinian culture which normally overlaps and penetrates in their internal organizational environment;

- There are respondents in all cities who thought that their companies’ organizational structures do not encourage ethical behavior; they were from manufacturing, banking, and insurance sectors with more emphasis on manufacturing sector;

- 4% of the respondents who are based in Al-Bireh and Nablus cities thought that their companies’ organizational culture did not encourage ethical behavior;

- 16 out of 18 top managers who are interviewed stated that some employees had received and/or are disciplined for committing unethical behavior;

- “The control on phone calls” is the main mechanism that the top managers used to detect non ethical behavior. Meaning that a sizable category of unethical behavior is related to abusing the system and deploying organizational resources for personal use.

- Although subordinates have strongly indicated that their top managers acted ethically and carefully take the issue intensity into consideration before making ethical decisions, Top managers’ main concern when taking their decisions is the “benefit of the work” regardless of employees’ benefits.

- Only four out of 18 top managers stated clearly that a code of ethics would be helpful in reducing misconduct;

- Most top managers think that the best way to encourage ethical behavior is by acting as a role model to subordinates;

- 4 out of 18 managers find themselves sometimes forced to break the companies’ ethical rules in order to get the job done;

- 11 out of 18 managers faced a situation of “conflict of interest” at work.
Chapter V:

Conclusion and Recommendations
5.1 Study Summary

In a world that is full of competence and profit seekers, companies find it easy to sacrifice some ethical values, concepts and behavior to ensure profit making. Enterprises need to ensure ethical atmosphere and ethical culture among the organization’s different departments. It is strongly recommended to encourage ethical behavior in Palestinian enterprises since they form an important part of Palestinian economy.

Unethical behavior is not necessary illegal behavior; it can be actions that are assumed to be unethical by organizational culture, structure, or even by the wider Palestinian culture. Examples of common legal but unethical behavior are simple negligence, skimping or under treatment, back-stabbing, being a spy or a watchdog, dropping names, taking credit for other’s work, being part of a clique… etc.

Major findings of the study include the following:

- 75% of respondents think that their top managers are acting ethically according to the OPAL principle, that is; 80% of the middle level managers classify their top managers as being very open, Around 71% of the respondents believe that their top managers highly encourage performance with integrity, 71% of the respondents thought that the top managers are highly self accountable, and 73% of respondents believed that the top managers enjoy a high leadership talent.

- The majority of respondents believe that their organizational culture highly or moderately encourages ethical behavior. Less percentage of respondents believe that
their organizational structure highly or moderately encourages ethical behavior. This leads to the conclusion that organizational culture is a stronger driving force for ethical behavior than organizational structure;

- According to top managers, a sizable category of unethical behavior is related to abusing the system and deploying organizational resources for personal use;

- Top managers’ main concern when taking their ethical decisions is the “benefit of the work”;

- Only four out of 18 top managers stated clearly that a code of ethics would be helpful in reducing misconduct;

- Most top managers act as role models to encourage ethical behavior;

**Conclusions and Recommendations**

Findings of this study indicate that there is limited ethical awareness among Palestinian Large Scale Enterprises since most top managers do not show interest to adopting codes of ethics. Also, most of them rely on the external culture in solving business problems. Besides, only four out of 18 top managers thought that a code of ethics can be helpful in reducing misconduct.

According to the researcher observation during the data gathering process and depending on the findings, some subordinators do not feel secure in their workplaces. They have suspicions that
the researcher may discuss the results with their top managers during the researcher personal interviews. Besides, in one of the manufacturing companies, the researcher is asked whether the study can cover the wages, salary scales, and if it can enhance raises and incentives. For some reasons which are not clear to the researcher, subordinates think that the researcher has the power to change their miserable situations. One reason can be that subordinates do not believe that high level managers can change the existing situation.

Although subordinates have strongly indicated that their top managers act ethically and carefully take the issue intensity into consideration before making ethical decisions, on the contrary, top managers’ main concern when taking their decisions is the “benefit of the work.”

Another interesting conclusion is that organizational culture is a stronger driving force for ethical behavior than the organizational Structure. This is a logical result, as respondents find that their organizational culture forms a part of the wider Palestinian culture in their external environment, which normally overlaps and penetrates their internal organizational environment.

“The control on phone calls” is the main mechanism that the top managers use to detect unethical behavior. This means that a sizable category of unethical behavior is related to abusing the system and deploying organizational resources for personal use. Finally, the researcher concludes that respondents do not always express what they really think. Top managers seem to be more honest in answering the questions of the researcher.
A final conclusion is that the companies listed in PSE do not really follow all the membership regulations for the PSE. During the research process, it has been clear to the researcher that many top managers haven’t been aware of all the regulations of the PSE.

5.2 Implications of the Study:
The study reflects relatively low awareness regarding the standard and systematic ethical behavior; none of the targeted organizations have a code of ethics and none of them have someone in charge for solving ethical problems; they highly rely on external culture. Also, tools to encourage ethical behavior and to detect unethical behavior are mainly role modeling and controlling and protecting organizational resources from personal use. Based on the findings of the study, the researcher suggests the following recommendations:

1- To increase awareness about ethical behavior in Palestinian private sector enterprises. One way to increase awareness is by executing ethical training courses for leaders to become good role models, and for employees to be aware about their ethical limits and rights as well as to act ethically throughout their work time (if not more).

2- Palestinian enterprises should enhance internal ethical culture among subordinates and strengthen the companies’ structures by clarifying procedures, policies, rules, performance evaluations and incentives related to ethical values and not to rely only on the wider Palestinian culture in the external environment which does not always guarantee best solutions.
3- Palestinian Large Scale Enterprises should be more alert to adopting and implementing ethical structures especially in the manufacturing sector. These enterprises are more capable and have the power to applying structures’ elements like ethical trainings, codes of ethics, codes of conduct, inspections & auditing, incentives & rewards...etc to reinforce ethical behavior.

According to researcher, the first point is the most important one. If awareness is enhanced, the change can be adopted easily.

5.3 Recommendations for Future Researches

After facing many obstacles during the research process, the researcher has the following recommendations for future research in this area:

- The target group should include medium-scale enterprises; these enterprises are less-able to apply ethical standards. Trends, values and behavior of top managers control the ethical orientation of these enterprises. Moreover, It would have been more accurate to allow all employees to evaluate the ethical behavior of their direct superiors, although this requires a very large survey which is expected to be costly and time consuming.

- To include companies based in Gaza in the research. Palestinian culture in Gaza has different and special characteristics which may affect the organizational ethical behavior.
• Open questions and semi-structured interviews can be of much more help in collecting the information than the self-administered questionnaires especially that managerial ethics is a very sensitive issue. They can also provide the researcher with additional in-depth and interesting information.

• It is better to clarify and to find a specific definition for the Palestinian large-scale enterprises or any other targeted population. Also, to have a list of target group from an official body like Palestinian Central Bureau of Statistics (PCBS) or the chamber of commerce.

One suggestion for future research can be the effect or the link between ethical behavior of top managers and the performance of subordinates in different levels.
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Ethical behavior in Palestinian Large Scale Enterprises


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Ethical behavior in Palestinian Large Scale Enterprises


مراجع باللغة العربية:


• تطبيق الحوكمة في المؤسسات الفلسطينية. ترفيه أم ضروره ملحمة؟؟؟. (نوفمبر 2008).

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**Bibliography:**


Annexes
Annex 1

PSE 2006

MEMBERSHIP REGULATIONS
OF THE
PALESTINE SECURITIES EXCHANGE
Approved on May 9, 2005
Took effect on July 15, 2005

CHAPTER TWO
EXCHANGE MEMBERSHIP CONDITIONS

Rule- aims to protect the organization or its administration. Ethic- the protection of others or encompassing wider value.

Article 2
1. Private or public joint-stock limited liability companies, which satisfy the following conditions, may apply for affiliate membership of the Exchange:

a. Such company’s businesses and objectives shall be limited to dealing in Securities, in accordance with its articles of incorporation and By-Laws, authorized by the CMA for such dealing and not allowed to exercise any other commercial businesses, including banking businesses and trading in currencies. (Ethic- conflict of interest)

b. Such company’s paid up capital shall not be less than seven hundred thousand (700,000) Jordanian dinars. (Rule)

c. Applicant Company shall be established and registered in Palestine. (Rule)

However, a foreign Securities Company that is a member of a foreign stock exchange market may apply for the membership of the Exchange if such company has a branch, subsidiary, holding or correlated company in Palestine. (Rule)

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² The researcher selected parts/articles from the PSE Membership regulations and added the Rule/Ethic classification.
Article 6
In order for a Member Company to continue as an Active Member, such Member shall:

2. Assign a board of directors or managing committee whose members meet the conditions stipulated by these Regulations. (Rule)

3. Be committed to maintain a high level of performance and services provided for investors. (Ethic-standard of practice)

Membership Application

Article 8
The Exchange shall provide for a special Membership Application that includes the following information:

4. Names, addresses and qualifications of members of the board of directors or the management of Applicant Company.

5. Names of the persons authorized to sign the correspondences of Applicant Company and specimens of such persons’ signatures.

(Ethic-openness & accountability for 4 & 5)

Article 9
2. The Membership Application shall be accompanied with the following documents:

f. The Applicant Company employees’ lists and the employees’ CVs. (Rule)

CHAPTER THREE
THE MEMBER RELATIONSHIP WITH THE EXCHANGE

Article 12
A Member Company shall equip its headquarters with the necessary means to carry out its businesses and shall carry out training and development programs decided for by the Exchange.

Article 13
1. A Member Company and its employees, managers, board of directors members, agents, shareholders and any other persons related to such Member’s activities and businesses at the Exchange shall comply with all dealing, trading and commerce rules provided for in Trading Regulations or in the Exchange conditions, and with all rules
of conduct and **professional Behavior** that are based on rules of cooperation between the Members. *(Ethic- standards)*

**Article 14**

1. Any Member Company shall be prohibited from carrying out any action that may cause damage to the *Exchange reputation* *(Rule)*, *its Members or the dealers therein*, and from disclosing any *confidential information* that may arrive to the Securities Company or its employees by virtue of their work. *(Ethic- confidentiality)*

**Article 17**

2. A Member Company shall be obliged to *compensate the Exchange* for any damage that may be caused to the Exchange, its employees or members of its Board of Directors as a *result of such Member’s negligence or misbehavior*. *(Rule)*

**Article 21**

1. A Member Company shall commit itself to notify the Exchange of any emerging changes to any of the Membership Application data and of any other matter that drastically affects the Member’s execution of its businesses or status as an Active Member at the Exchange. *(Rule)*

2. In particular, a Member Company shall commit itself to notify the Exchange of:
   
e. *Any punishment imposed on such Member Company or its employees, members of board of directors, managers, shareholders or agents*. *(Rule)*
   
f. *Finding of any violation of any of the Exchange Regulations and conditions, regardless of whether such violation was fixed or not*. *(Rule)*

3. The notification provided for in the two previous paragraphs shall be carried out within ten working days of the date of incidence of concerned change or of its enforceability. If such period was violated, the *Member Company shall then be obliged to pay the Exchange a fine of two hundred (200) Jordanian dinars for each day of delay, devoid of such failure affecting the possible infliction of disciplinary punishment against such Member Company*. *(Rule)*

**Article 24**

The Exchange shall have the right to account the *Member Companies for any incorrect or misleading information* cited by such Member
Companies in their own studies and analyses of the Exchange that are published to the public. (*Ethic* - honesty)

**THE MEMBER’S GENERAL OBLIGATIONS**

**Article 25**

1. A Member Company shall be prohibited from investing in any company that carries out activities not related to Securities, unless such Member Company obtains the Exchange in advance approval for such investment.

2. Notwithstanding the provision of the previous paragraph, a Member Company may possess Securities listed on the Exchange for the purposes of trading, cash investment and businesses as markets maker. (*Ethic* - potential conflict of interest)

**Article 26**

1. A Member Company and any of its employees shall be prohibited from exercising any businesses except dealing in Securities. (*Ethic* - conflict of interest)

**Cancellation and Suspension of Membership**

**Resignation**

**Membership Termination**

The Regulatory Committee may, based on the recommendation of the General Manager, after the approval of the Board of Directors, terminate the Membership of any company at the Exchange in any of the following cases:

3. If the Member Company or any of its Authorized Persons were convicted of fraud. (*Ethic-* standards)

4. If a disciplinary decision was issued against the Member Company according to the Exchange Regulations. (*Rule*)

**Member’s Parties at the Exchange**

**Members of the Board of Directors**

**Article 47**

1. A member of the board of directors of a Member Company shall be a natural or a juridical person. (*Rule*)
2. Such person shall be a **reputable, well-mannered and behaved person and not sentenced with a punishment** for committing a crime violating decency and breaching trust, unless such person has been rehabilitated. *(Ethic-standards)*

**Management**

**Article 50**
The Exchange shall not approve assigning any person at the Member Company management **unless such a person is reputable, well mannered and behaved and not sentenced with a punishment** for committing a crime violating decency and breaching trust, unless such a person has been rehabilitated. *(Ethic-standards)*

**Article 51**
The person to be assigned at the Member Company shall have the **required qualification** necessary for his/her position. *(Ethic-standards)*

**Article 52**
Every Member Company **shall name a general manager** in charge of such Member Company’s daily businesses. *(Ethic-standards)*

**Article 53**
Every Member Company shall name a **financial manager** to be in charge of following-up the financial status of such Member Company and submitting reports to the Exchange as required in these Regulations or in any of the Exchange conditions.

**Article 54**
1. Every Member Company **shall have headquarters of its own and shall have at least three branches distributed between the Gaza Strip and three different governorates in the West Bank.** *(Rule + Ethic-access)*
2. Every Member Company shall name a **branch manager** to be in charge of **making sure** that financial consultants, brokers and the Member’s other employees carry out their businesses in a manner that **serves the clients’ interests** in the best way possible and **guarantees the integrity** of dealings in Securities. *(Ethic-standards)*

**Article 56**
**No person shall be allowed to work at more than one Member Company management or at a company listed on the Exchange at the same time.** *(Ethic-conflict of interest)*

**Article 57**
Any of the persons who are assigned the positions of general manager, financial manager or branch manager shall not be allowed to work as a financial consultant for any of Member Company’s clients. (Ethic- conflict of interest)

Article 58
The basis for salaries and remunerations of management positions shall be specified in a manner that limits the conflict of interests between the management and the clients. (Ethic- conflict of interest)

Member’s Employees

Article 60
Any person to be employed for a position at the Member Company shall be:

1. A holder of the required qualifications necessary to carry out such position.

2. More than twenty two (22) years old and has the legal capacity.

3. A reputable, well-mannered and behaved person and not sentenced with a punishment for committing a crime violating decency and breaching trust, unless such person has been rehabilitated, has not been fired from the service or prevented completely from dealing in Securities for disciplinary causes.

(Ethi- standard for 1, 2, &3)

4. A full timer and does not work in any capacity for another Member Company or a Listed Company on the Exchange. Such person shall not have worked for the last six months at another Member Company. (Ethic- conflict of interest)

Article 64
Any employee of a Member Company may not render any financial consultation for the benefit of a client unless such employee has obtained the Exchange in advance approval to work as a financial consultant. (Ethic-conflict of interest)

Article 67
The Exchange shall supervise the Member Company’s employees in a manner that guarantees the integrity of Securities trading, transfer of their
ownership and raise the soundness of services provided for investors’ public by the Members at the Exchange. *(Ethic- standards)*

**Article 71**
*If any of the Member Company’s employees quit working for such Member Company or if such employee’s employment ended for any reason, including paid and unpaid vacations for more than three days, such Member Company shall then notify the Exchange immediately upon such end or quit clarifying the reasons for such employment termination or quit.* *(Rule)*

**Article 72**
Immediately upon becoming aware of any of the following cases, the Member Company shall notify the Exchange of such cases’ details, regardless of any proof of any allegation in such regard that may have been submitted:

1. *Any lawsuit, investigation or proceedings carried out by security organizations or the Regulatory Committee against any Authorized Person or any of the Member Company’s employees.* *(Rule)*

2. *Any lawsuit concerning the businesses of any Authorized Person or any of the Member Company’s employees.* *(Rule)*

**Member Company’s Relationship with Clients**

**The Client Concept**

**Observing Dealings’ Confidentiality**

**Article 76**
1. *A Member Company shall observe its clients’ dealings confidentiality.*

2. Notwithstanding the provisions of the previous paragraph, a Member Company shall be obliged to disclose to the Exchange directly any information requested by the Exchange about any client. A Member Company may not enter into any contract or approve any arrangement that may restrict such Member Company’s capability to fully disclose such information to the Exchange. *(Ethic- confidentiality & limits to confidentiality)*

**Clients’ Interests Protection**

**Article 77**
A Member Company shall be committed to exert efforts and sufficient protection to carry out the following:
3. Make sure that consultations provided for its client are in the client’s interest and conform to such client’s investment objectives. (Ethic- standards)

Article 81
A Member Company and its employees may not benefit from the client’s order by forestalling it with another order to such Member Company’s credit or through betting on the result of entering the client’s order into the Exchange. (Ethic- standards)

Article 82
A Member Company and its employees shall give preference to clients’ interests over their personal interests and to carry out the necessary procedures to protect clients’ interests and credibility of Securities dealings. (Ethic- standards)

Securities Dealings Integrity

Article 84
If a conflict of interests emerges between the client’s interests and observing the integrity of Securities dealings, a Member Company shall then satisfy its obligations towards the Exchange ahead of any other thing. (Rule)

Article 85
1. When receiving or carrying out a client’s order, a Member Company shall make sure that such order shall not cause damage to the integrity of Securities dealings. (Ethic- standards)

2. The rejection of the following orders shall be mandatory because it damages the integrity of Securities dealings:
   a. False trading.
   b. Manipulation and fraud in general, and when the aim behind trading is for purposes other than the legitimate investment purposes. (Ethic- honesty)
   c. Trading transactions that are unauthorized according to the rules, including orders submitted by unauthorized persons by the Member Company to carry out activities for the concerned trading account. (Rule)

Article 86
An Authorized Person may not receive any sum of money, gift or incentive of any kind as encouragement or remuneration, whether directly or indirectly, in return for providing a consultation for investing in certain Securities of a certain client or public in general. (Ethic- corruption)
Member’s Participation in Securities Subscriptions

Article 88
If a Member Company is an Issuer Underwriter or Agent concerning issuing Securities, such Member Company shall then make sure that all of clients’ orders received on such Security have priority over its employees, management and members of its board of directors’ orders. (Ethic- conflict of interest)
DISCLOSURE REGULATIONS
OF THE
PALESTINE SECURITIES EXCHANGE

Article 44
The Listed Company shall be obliged to immediately disclose any of the following substantial incidents:

1. Discontinued operations
2. Disasters and their impact
3. Sudden losses
4. Court suits which shall then affect, negatively or positively, the future of the company and as a result of its activities and financial position.

5. Disclosure shall be announced within one working day of the date of the incidence occurrence mentioned above.

(Rules & standard ethics)

Article 64
Every member of the board of directors, or managers’ committee members or company partners, depending on the actual state of affairs, in addition to the employees of the Member companies, shall provide both of the Exchange and CMA with monthly reports concerning their dealings and their relatives’ dealings in Securities, selling and purchasing, within seven working days of the end of such month. (Ethic- conflict of interest)

Article 70
1. The Board of Directors’ members, General Manager, employees, legal advisor and auditor of the Secularities Exchange shall be prohibited from disclosing information and data, which are deemed confidential in accordance with these Regulations, subject to the responsibility pursuant to the Laws and Regulations in force. (Ethic- confidentiality)

2. The Board of Directors’ member shall be prohibited from transferring the information that is deemed confidential according to these Regulations to the company such member represents. (Ethic- conflict of interest)
## Annex 2

### PSE- Listed Companies

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* موقعة عن التداول
Annex 3

Questionnaire for Middle-Level Managers (English version)

Dear colleagues:

This study is conducted by Wijdan Al-Sharif who is an MBA student in BZU. The aim of the study is to understand the ethical behavior of the top management in Palestinian large scale enterprises listed in the Palestinian Securities’ Market. Middle level managers will be asked to fill in a questionnaire on the ethics process in their companies’ ethics and ethical trends of top management. Only the main office in each company will be targeted for filling in the questionnaires. Top managers will also be interviewed for their point of views are important for the study. The questionnaire is anonymous and the study’s results are confidential, and will be analyzed for the whole target group and not for each company alone; this means that the final outputs will describe the whole sector of the Palestinian enterprises listed in the Palestinian Securities’ Market. Only the researcher and the supervisor will see the results of completed questionnaires. Answering this questionnaire honestly will be of great help to your profession and to my study.

Thanks for your help

Wijdan Al-Sharif
### Ethical behavior in Palestinian Large Scale Enterprises

#### 1- Please add (√) in the box that includes the suitable answer:

**My company’s sector is:**

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#### Please add (√) in the box that includes the suitable answer:

**General information about subordinate:**

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<td>□ 2-Female</td>
<td></td>
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</tr>
<tr>
<td>5</td>
<td>Position</td>
<td>□ 1-Manager</td>
<td>□ 2-Deputy manager</td>
<td>3-Other:.......................</td>
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<tr>
<td>6</td>
<td>Education</td>
<td>□ 1- Less than BA</td>
<td>□ 2-BA</td>
<td>□ 3- Master Degree</td>
<td>□ 4-PHD degree</td>
<td>5-Other:.................</td>
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<tr>
<td>7</td>
<td>No. of yrs working for this organization</td>
<td>□ &lt;1 year</td>
<td>□ 1-2 years</td>
<td>□ 2-5 years</td>
<td>□ 5-10</td>
<td>□ &gt;10</td>
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<tr>
<td>8</td>
<td>No. of yrs assuming this position</td>
<td>□ &lt;1 year</td>
<td>□ 1-2 years</td>
<td>□ 2-5 years</td>
<td>□ 5-10</td>
<td>□ &gt;10</td>
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#### What do you know about your manager (top manager)?

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<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Age</td>
<td>□ &lt;20</td>
<td>□ 20-30</td>
<td>□ 31-40</td>
<td>□ 41-50</td>
<td>□ 51-60</td>
<td>□ &gt;60</td>
<td>□ I don’t know</td>
</tr>
<tr>
<td>10</td>
<td>Gender</td>
<td>□ 1-Male</td>
<td>□ 2-Female</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Education</td>
<td>□ 1- Less than BA</td>
<td>□ 2-BA</td>
<td>□ 3- Master Degree</td>
<td>□ 4-PHD degree</td>
<td>5-Other:...............</td>
<td>□ I don’t know</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>No. of yrs working for this organization</td>
<td>□ &lt;1 year</td>
<td>□ 1-2 yrs</td>
<td>□ 2-5 yrs</td>
<td>□ 5-10</td>
<td>□ &gt;10</td>
<td>□ I don’t know</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>No. of yrs assuming this position</td>
<td>□ &lt;1 year</td>
<td>□ 1-2 yrs</td>
<td>□ 2-5 yrs</td>
<td>□ 5-10</td>
<td>□ &gt;10</td>
<td>□ I don’t know</td>
<td></td>
</tr>
</tbody>
</table>

#### Individual characteristics of manager:

**How do you see (observe) your manager (top manager)?**

<table>
<thead>
<tr>
<th>No</th>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>Always honest</td>
</tr>
<tr>
<td>15</td>
<td>Always impartial in dealing with subordinates and in solving the problems</td>
</tr>
<tr>
<td>16</td>
<td>Always allows for Expression of Views</td>
</tr>
</tbody>
</table>
Ethical behavior in Palestinian Large Scale Enterprises

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
<td>Trustworthy</td>
</tr>
<tr>
<td>18</td>
<td>An active communicator</td>
</tr>
<tr>
<td>19</td>
<td>Always available and can be reached</td>
</tr>
<tr>
<td>20</td>
<td>Respects the privacy of individuals</td>
</tr>
<tr>
<td>21</td>
<td>Respects the confidentiality of individuals</td>
</tr>
<tr>
<td>22</td>
<td>Creates a working environment of praise and recognition</td>
</tr>
<tr>
<td>23</td>
<td>Deals constructively with poor performance</td>
</tr>
<tr>
<td>24</td>
<td>A guardian of the integrity of organization</td>
</tr>
<tr>
<td>25</td>
<td>Professional and wise in using his authorities</td>
</tr>
<tr>
<td>26</td>
<td>Defines success not just by results, but also the way that they are obtained</td>
</tr>
<tr>
<td>27</td>
<td>Disciplines employees who violate ethical standards</td>
</tr>
<tr>
<td>28</td>
<td>Openly accepts consequences (good or bad) of my action</td>
</tr>
<tr>
<td>29</td>
<td>Accepts responsibility to praise/reward good performance and deal with poor performance of his own staff</td>
</tr>
<tr>
<td>30</td>
<td>Avoids conflicts of interest</td>
</tr>
<tr>
<td>31</td>
<td>Avoids acting in discriminatory fashion</td>
</tr>
<tr>
<td>32</td>
<td>Helps developing and maintaining organizational processes of accountability</td>
</tr>
<tr>
<td>33</td>
<td>Consistent in his moral judgments</td>
</tr>
<tr>
<td>34</td>
<td>Promotes and encourages the sense of responsibility among subordinates</td>
</tr>
<tr>
<td>35</td>
<td>Interacts positively with staff</td>
</tr>
<tr>
<td>36</td>
<td>Has a negotiating attitude to problem-solving</td>
</tr>
<tr>
<td>37</td>
<td>Promotes a positive ethical culture for our team</td>
</tr>
<tr>
<td>38</td>
<td>Creates and/or supports empowerment</td>
</tr>
<tr>
<td>39</td>
<td>Avoids demeaning or de-valuing staff</td>
</tr>
<tr>
<td>40</td>
<td>Respects conscience and integrity of subordinates</td>
</tr>
<tr>
<td>41</td>
<td>Enjoys a strong ego</td>
</tr>
<tr>
<td>42</td>
<td>Sets an example of how to do things the right way in terms of ethics</td>
</tr>
</tbody>
</table>

**Structural design:**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>43</td>
<td>My organization rewards ethical managers</td>
</tr>
<tr>
<td>44</td>
<td>My organization rewards ethical employees</td>
</tr>
<tr>
<td>45</td>
<td>The appraisal system in my organization focuses on the means that were used as well as the outputs</td>
</tr>
<tr>
<td>46</td>
<td>The structure in my organization is considered centralized</td>
</tr>
</tbody>
</table>
Ethical behavior in Palestinian Large Scale Enterprises

**My organization’s Culture: (workplace family)**

<table>
<thead>
<tr>
<th>No</th>
<th>Item</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>47</td>
<td>Our organizational culture supports high ethical standards</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>48</td>
<td>My organizational culture appreciates or values individual decisions and actions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>49</td>
<td>My organizational culture relies on the departmental norms as a behavioral guide</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50</td>
<td>My organization encourages discussing business ethics or values among employees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>51</td>
<td>My organization hires employees only according to their qualifications &amp; skills</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>52*</td>
<td>People in my organization think that it is ok to take office pins, pencils, paper...etc to home</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>53</td>
<td>My organization pays for the original software</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>54</td>
<td>My organization pays for the original software</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Issue intensity adopted to manager's actions:**
My manager normally takes and implements his decisions taking into consideration:

<table>
<thead>
<tr>
<th>No</th>
<th>Item</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>55</td>
<td>-The number of people that will be harmed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>56</td>
<td>-How much agreement is there that this action is wrong</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>57</td>
<td>- How likely is it that his action will cause harm</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>58</td>
<td>-If the harm will be felt immediately</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>59</td>
<td>-How close are the potential victims</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>60</td>
<td>-How concentrated is the effect of the action on the victims</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**Structural design: (Yes/ No) Questions**

<table>
<thead>
<tr>
<th>No</th>
<th>Item</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>61</td>
<td>There are formal rules and regulations in my organization that promote ethical behavior □ Yes □ No □ I don’t know</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>62</td>
<td>There are clear job descriptions in my organization □ Yes □ No □ I don’t know</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>63</td>
<td>There is a written code of ethics in my organization □ Yes □ No □ I don’t know</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>64</td>
<td>We get the suitable job ethics training (as well as ethical training) □ Yes □ No □ I don’t know</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>65</td>
<td>There is an appraisal system in my organization □ Yes □ No □ I don’t know</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>66</td>
<td>our organizational system allows making private phone calls from work and pay them back later □ Yes □ No □ I don’t know</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>67</td>
<td>our organizational system allows making private phone calls from work with specific limits and pay back if we exceed these limits □ Yes □ No □ I don’t know</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
الزملاء الأعزاء:

هذه الدراسة خاصة بالطلابية وجدان الشريف وهي طالبة ماجستير في إدارة الأعمال في جامعة بيرزيت. وهدف من الدراسة هو فهم التوجه الأخلاقي لإدارة العليا في المؤسسات الفلسطينية الكبيرة والمسجلة في سوق فلسطين للأوراق المالية.

سوف يطلب في هذه الدراسة من مدراء الدوران المركزية في كل مؤسسة (الإدارة الوسطى) الإجابات على استبيان حول الطرق الأخلاقيا في العمل والاتجاهات الأخلاقية للمؤسسة والإدارة العليا فيها. سيتم استهداف المكتب الرئيسي فقط من كل شركة لتعبئة الاستبيانات. كما سيتم مقابلة المدراء العامون (الإدارة العليا) وذلك لأهمية وجهات نظرهم بالنسبة للدراسة.

ما يجدر ذكره أن الاستبيان سري وكذلك نتائج الدراسة هي وثائق سرية وسيتم تحليل كل المجموعة المستهدفة وليس لكل شركة على حد سواء، وهذا يعني أن النتائج النهائية ستستعرض كل قطاع الشركات الفلسطينية المسجلة في سوق فلسطين للأوراق المالية، فقط أنا واستادي المشرف سأدر الاستبيانات المستفادة والنتائج التي ستتوصى بها.

الإجابات عن هذا الاستبيان بأمانة تشكل عوناً كبيراً لمهنتكم ولدراسة.

شكرًا على مساعدكم

وجدان الشريف
ا. & ا. & & ا. & & & & & 

<table>
<thead>
<tr>
<th>الرقم</th>
<th>المدينة</th>
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</table>

هذا الاستبيان موجه لمدراء الدوائر المركزية في المؤسسة (الإدارة الوسطى) لتقييم الإدارة العامة والتوجه العام للمؤسسة.

الاستبيان مكون من 3 صفحات، يرجى تعبيرها كاملاً.

الرجاء إضافة (2) في المربع المناسب للقطاع الذي تعمل فيه مؤسستك:

<table>
<thead>
<tr>
<th>الرقم</th>
<th>العمل</th>
<th>البند</th>
<th>التأمين</th>
<th>الاستثمار</th>
<th>الخدمات</th>
<th>الصناعة</th>
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الرجاء إضافة (3) في المربع المناسب:

<table>
<thead>
<tr>
<th>المعلومات العامة على المرؤوس (معبى الاستبيان):</th>
</tr>
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<tbody>
<tr>
<td>المدير العام وليس المباشر</td>
</tr>
</tbody>
</table>

إذا تعرف عن مديرك (المدير العام وليس المباشر)؟

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<thead>
<tr>
<th>الرقم</th>
<th>العمر</th>
<th>الجنس</th>
<th>التعليم</th>
<th>عدد سنوات خدمتك في هذه المؤسسة</th>
<th>عدد سنوات تشغل لمركزك الحالي</th>
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<td>□</td>
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<tr>
<td>11</td>
<td>□</td>
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<tr>
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<td>□</td>
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<td>□</td>
<td>□</td>
<td>□</td>
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<tr>
<td>13</td>
<td>□</td>
<td>□</td>
<td>□</td>
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Ethical behavior in Palestinian Large Scale Enterprises

<table>
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<tr>
<th>رقم</th>
<th>السؤال</th>
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<tbody>
<tr>
<td>14</td>
<td>صادق دائماً</td>
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<tr>
<td>15</td>
<td>نزيه وغير متغير في التعامل مع الموظفين وفي حل المشكلات</td>
</tr>
<tr>
<td>16</td>
<td>يسمح دائماً بالتعبير عن وجهات النظر (بushman المشاكل)</td>
</tr>
<tr>
<td>17</td>
<td>يجد بالثقة</td>
</tr>
<tr>
<td>18</td>
<td>يحارب بشدة نزيف (دو قادر على التواصل مع الآخرين)</td>
</tr>
<tr>
<td>19</td>
<td>موجود بشكل مستمر ويمكن الوصول إليه</td>
</tr>
<tr>
<td>20</td>
<td>يحترم خصوصية الأفراد</td>
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<tr>
<td>21</td>
<td>يحترم سرية الأمور الخاصة بالرافد</td>
</tr>
<tr>
<td>22</td>
<td>يخلق بيئة من الثقة والتقدير في العمل</td>
</tr>
<tr>
<td>23</td>
<td>يتغامض بشكل جيد مع الآخرين العارض المعنيين</td>
</tr>
<tr>
<td>24</td>
<td>يمكن اعتباره وصي (شديد الحرص) على سلامة وزناة المؤسسة</td>
</tr>
<tr>
<td>25</td>
<td>مهني وكثير من استخدام سلطاته الإدارية</td>
</tr>
<tr>
<td>26</td>
<td>يعرض النجاح ليس فقط عن طريق النتائج، ولكن أيضاً بالطريقة التي يتم بها الوصول إلى هذه النتائج</td>
</tr>
<tr>
<td>27</td>
<td>يعاب المرؤوسين الذين يتتهبون المعايير الأخلاقية</td>
</tr>
<tr>
<td>28</td>
<td>يقبل عنا شروطه (الحسن أو السني)</td>
</tr>
<tr>
<td>29</td>
<td>يقبل المسؤولية فيما يتعلق بمكافأت عواقب الأداء الجيد والتعامل مع الأداء السئ المريدي</td>
</tr>
<tr>
<td>30</td>
<td>يتجنب ضرر مصالحه الشخصية مع مصلحة العمل</td>
</tr>
<tr>
<td>31</td>
<td>يتجنب التعامل بتعزيز (بعصرية) مع الموظفين</td>
</tr>
<tr>
<td>32</td>
<td>يساعد في تطوير وتحديث وتحديث العمليات التنظيمية للمسايلة</td>
</tr>
<tr>
<td>33</td>
<td>يعتبر دليل في مواجهة (إحكامه) الأخلاقية</td>
</tr>
<tr>
<td>34</td>
<td>يعزز ويشجع العلاج بالمسؤولية بين المسؤولين</td>
</tr>
<tr>
<td>35</td>
<td>يتفاعل إيجابياً مع الموظفين</td>
</tr>
<tr>
<td>36</td>
<td>يميل للأفراد في حل المشكلات أكثر من تطبيق القوانين بصرامة</td>
</tr>
<tr>
<td>37</td>
<td>يرزق الأخلاقية إيجابية لفريقنا</td>
</tr>
<tr>
<td>38</td>
<td>يخلق وأعداء التمكين أو التقويض لمرؤوسية</td>
</tr>
<tr>
<td>39</td>
<td>يتجنب إهانة أو التقليل من شأن الموظفين</td>
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<tr>
<td>40</td>
<td>يحترم نزاهة وضمير المسؤولين</td>
</tr>
<tr>
<td>41</td>
<td>يتمتع بشخصية قوية ومتميزة</td>
</tr>
<tr>
<td>42</td>
<td>يعطي مثالاً على كيفية فعل الأشياء بطريقة الصحيحة (من الناحية الأخلاقية)</td>
</tr>
</tbody>
</table>
الهيئة التنظيمية:

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<thead>
<tr>
<th>البند</th>
<th>الرقم</th>
<th>الاعتراف أو الاختلاف</th>
<th>البعد بشدة</th>
<th>اعتراف بثورة</th>
</tr>
</thead>
<tbody>
<tr>
<td>43</td>
<td></td>
<td>تكافح مؤسستي المديرين الذين يسيلون سلوكا إخلاقيا في إدارتهم</td>
<td></td>
<td></td>
</tr>
<tr>
<td>44</td>
<td></td>
<td>تكافح مؤسستي الموظفين الذين يسيلون سلوكا إخلاقيا أثناء تأديتهم</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

نظام التقييم في منظمتي يركز على الوسائل التي استخدمت للوصول إلى النتائج وليس فقط على النتائج.

 trưngب الهيئة التنظيمية لمؤسسات مرتكزة

ثقافه المؤسسة (كرونة العمل):

1. تدعم ثقافة مؤسستي معناها إخلاقيا عالية
2. تتم ثقافة مؤسستي قراءات وأفعال أفرادها
3. تمت ثقافة مؤسستي على العادات الخاصة بالدوائر (بالمختصات)
4. تمت ثقافة المؤسسة على نظام عام ومحدد في المؤسسة
5. تشجع مؤسستي مناقشة أخلاقية للإعمال التجارية أو الفيام بين الموظفين
6. توفر لطيفة قطع
7. الأفراد في مؤسستي لا يتعلمون أخلاقهم، ورق، الدبليون...
8. الثقافة المؤسسية بالبيوت المشرية موظفيا النسخة الأصلية من برامج الكمبيوتر ولا تستخدم نسخ غير أصلية
9. تسمح لجاواً باستخدام ماكينة التصوير للاغراض الشخصية
10. معينة

يقام مديرية عادة بإتخاذ وتنفيذ قراراته أخذ بعض الاعتبار مايلى:

11. عدد الأشخاص الذين يضررون من القرار
12. مدى الالتزام على أن هذا القرار هو قرار خاطئ (من قبل المسؤولين)
13. من المهم أن هذا القرار سبب ضرا
14. إذا كان الشعور بهذا الضرر سبب مرة
15. قرب المديرين من المصدرين المحتملين (ليس المصدد صلة القرابة)
16. مدى تركيز (شدة) تأثير القرار أو التنفيذ على المتضررين

الهيئة التنظيمية:

الإجابة إضافة (1) في المربع الذي يتضمن الإجابة المناسبة:

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<th>البعد</th>
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</tbody>
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Annex 4

Questionnaire for Top Managers (Semi-Structures interview)

- How do employees know about accepted and unaccepted ethical behavior?
- Do the company’s manuals and documents contain ethics messages about appropriate behavior?
- How do you pass ethical rules to employees? Do you have a code of ethics?
- Do you think a code of ethics would be helpful? How well do you think that a code of ethics would reduce the chance of misconduct?
- How do employees know what to do if they discover unethical behavior?
- Is there a system for reporting?
- What kinds of mechanisms do you have to detect ethical behavior?
- How do you deal with ethical dilemmas?
- Have there been instances where employees have received advice on how to improve ethical behavior or were disciplined for committing unethical acts? How many?
- Is there a person who is responsible for ethical issues? Or the company relies more on ethics committee, department, team, or group in dealing with ethical issues in the organization?
- How do you make sure you take your decisions ethically? What are the most important factors you take into consideration before you make a decision? And while implementing it?
- Do you consider yourself a manager who encourages ethical behavior? What do you do to encourage ethical behavior in your organization? Do you have examples?
- Have you ever found yourself forced to break the company’s ethical rules in order to get the job done? How did you decide what to do? Have you ever faced a situation with conflict of interest? How did you deal with it?