

## Social responsibility in Islamic Bank in Aqaba

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### Abstract

The purpose of this study to show the level of Islamic Bank obedience in Aqaba to the social responsibility toward human resources customers, and to the local society. This study arrived to the conclusion that these banks obeyed by their social responsibility to all those parts except for some partial aspects such as; those banks don't participate in social programs for employees out side of work hours as in sport activities, and cultural, and entertainment centers. They don't participate enough in teaching employee's siblings. Those banks don't care enough about customer complaints, and suggestions, and don't work on solving them fast enough. They don't participate in the establishment of schools, and health centers, and they don't provide educational scholarship, financial helps, and donations to the individuals in the society. The study advised Islamic Banks in Aqaba to solve those current problems, or get rid of them in order to complete the positive view of it.

**Keyword:** Social, responsibility, Islamic, Bank, human resources.

### Introduction:

In the past the concerns of the economical firms' managements focused only on achieving owner's goodwill and what ever in their sakes, and they avoid other social parts, and don't care about them, but in the present time the concern moves toward other parts, or units; such like; employees, customers, and local society, and until social responsibility became one of the important matters that occupied organizations managements because it is consider these methods the only way for them to compete, keep their stabilities, and continuous existence.

Social responsibility is an idea called for it the chief general of the United Nations in Davos Conference on January 1999. It means that both public and private sectors companies should take part in social responsibility, and direct market strengths toward raising ethical, humans, and environmental values to make life much happier.

Companies awareness increased from the social perspective as it represent economical entities which control the financial, and human resources, and it is looking for system that is faster, and have more effects on economical expansion in the natural, and social environment they live in, and in the end country participation in carrying development threats, and strengthen the national economy, and also the society live in it these establishments, and finally to achieve the general entertainment for people, and nations.

This social approach for companies does not affect the profit values for shareholders, but instead will increase the market value, and it consider an investment that will bring an increase in profit, and productivity, decrease fighting, and differences between management employees, social groups that deals with it, and will increase employees trust, and integrity.

### Study objectives

This study aimed to influence, and focus on the social responsibilities in the financial companies which were represented in the Islamic banks in Aqaba city. This study showed how far those banks have commitment to the social responsibilities toward human resources, customers, and local society.

### Study importunacy

The importance of the study comes from the important of the subject of social responsibilities, and it is effect on all parts, or units which create the whole society. Add to that the nature of the banks sectors which consider a store for society's moneys and savings. These moneys are an important social duty toward all parts.

### Study society, and samples

Study society was represented with the Islamic banks working in Aqaba city. Samples contain the following three units, or sections: the first one was represented with banks employees to test the first hypothesis which is related to human resources, and did choose 127 employees for this purpose, and distributed questioners to them, and retrieved 93 of them suitable for analysis. The second unit or section was represented with customers of

those banks to test the second hypothesis which is related to those customers and did choose 270 employees, and distributed the questioners on them, and did retrieve 188 copies of the survey suitable for analysis. The last unit was set to test the third hypothesis which has to do with local society, and it contains two hundreds copies of the questioners which had been given to individuals in the local society, those one whom own the ability to answer the questions because of their employment level, or economical, cultural, and social activities, and did retrieve 187 copies of the survey.

#### **Statistical methods, and test hypothesis:**

We did recount for, and used several statistical standards, and measures; such as; Arithmetic average, T-test, Chronbach alpha test, and standard deviation. In testing the hypothesizes the standard for excepting it, or proving it was set to an am Arithmetic average of greater than 3, and observed significance level of less than 0.05.

#### **Previous studies**

Al-Dmour , and . Askar study(2011) : This study aimed if there was an impact of Corporate Social Responsibility (CSR) on the perceived business performance of two groups of companies in Jordan, local and foreign. It found that CSR was implemented among companies with differences in the practices of the environmental part of CSR, where foreign companies showed positive implementation while the local showed negative implementation. And there was a significant positive impact of CSR only on marketing performance. And this relationship did not differ when a comparison between two samples was conducted. And only the perceived economic performance differs due to the type of industrial sector to which these companies belong.

Al-Farah and Al-Hindawi study (2011) This research aims at examining the disclosure of the elements of Corporate Social Responsibility (CSR) in the annual reports of Jordanian industrial companies listed in the ASE for the years 2007-2008. The study found a disparity in the level of disclosure of the elements of CSR among companies, but the disclosure was still below the required level and did not exceed (43%) , which is lower than the average. The highest percentage of disclosure was the disclosure about the protection of the environment where it reached (73.6%) and (69.4%), respectively, for 2007 and 2008.

The conference for social responsibility of firms in Jordan-Cultural and methodology 2009: The purpose of this conference was to identify social responsibility, and point out its goals, and components, and to see how far ahead it is happening in Jordan. The conference showed that it goes beyond none-profit businesses definition to contain the providing of active methods which will face the upcoming threats, and to try to find solutions for problems that consider a barrier against economical improvement, and against social happiness on the long run.

The most important thing that the conference advise of have to do with firms, and how they must put the social responsibility in the center of their strategies away from general, and marketing relations, and also away from risk management. The conference advised to set or indicate the necessary methods to exchange the outstanding social responsibility practices between firms, and to increase the organizational, and social awareness about the universal issues, principles of the international agreements for the united nation, the concentrating on the continuous social projects which will be supported locally, nationally, and internationally from the private sector firms as they considers partner of the public sector in the continuous social development, and also to capitalize on firm's role in providing help, and support.

The study of (Rahahleh, and Sharairi), 2008: The study arrived to the conclusion that firms at the Industrial Hasan City in Jordan doesn't care much about social aspects, and that their participation in society limited to the social caring, and nurturing of employees, natural resources, and environment protection. The absent of laws, and regulations is one reason for this weaknesses. The study advise to go back and review, or go over those policies, and laws established in Jordan which are related to the implementation of required industrial companies concerns for the social performance toward society. It is also related to the preparation of study days, work drills, and training sessions about accountability for social responsibility of the industrial companies' employees.

Timothy Bingham & Geoff Walters 2012 The change in political leadership in the UK in 2010 has created financial uncertainty and instability for many third sector organisations. In a shifting funding landscape, it is clear that an over-reliance on Government funding is a risky strategy and that there is a need to diversify and seek out alternative sources of revenue. This article considers the impact of political change on the financial sustainability of community sports trusts associated with Premier League and Football League clubs in England. It explores sources of revenue through the analysis of financial statements, revealing that on average community sports trusts receive a significant proportion of income from grant funding whilst sponsorship income is relatively small. The article goes on to discuss the potential for community sports trusts to diversify revenue streams by developing social partnerships that address the corporate social responsibility (CSR) agendas of commercial organisations. It illustrates that although commercial sponsorship can provide benefits including the provision of additional funding that can enable financial stability, key issues include the balance of power, the

impact on organizational flexibility, whether there is a need to restructure, and the development of long-term partnerships. Although the findings from this article are focused on a particular type of charity, given the importance of CSR partnership income for the charities sector they may also have broader implications for other charitable organisations

### Test Hypothesis

#### First Hypothesis

"The Islamic bank in Aqaba committed, and dedicated to the social responsibility toward human resources". Table number 1 shows that except for the two section number 6, and number 7; all other sections achieved an arithmetic average of greater than 3.00, and level of observed significance (P-Value) less than 0.05, which means they are statistically significant. Section number 2; the one related to the providing of health insurance system that is suitable for employees; became in the first rank, but section number 1; the one related to bank establishment to provide insurance and retirement systems for employees; got the last rank as part of the statically acceptance sections. Section number 6 arrived to an arithmetic average of less than 3.00 which is not statically significant, and that refer to that banks does not participate, or invest in social programs for employees outside of business hours; such like; sport activities, and entertainment, and cultural centers. Section number 7 have an arithmetic average of greater than 3.00, but in the same time the observed significant level (P-Value) for it was greater than 0.05 also, which means that it is not statically excepted; the Islamic banks does not participate enough in the education of employee's sibling. The sections all together which are related to the first hypothesis as it focus on human resources achieved an arithmetic average of 3.70, and observed significant level (P-Value) of less than 0.05, which means they are statically significance. The first hypothesis is accepted, and so "the Islamic bank in Aqaba is committed to their social responsibilities toward human resources".

Table number (1): Arithmetic average, standard deviation, T-Value, and observed significance level related to human resources.

Section number	Section	Arithmetic Average	Standard Deviation	T-value	Observed Significant Level
1	The bank will provide insurance and retirement system for employees.	3.81	0.90	7.86	0.00
2	The bank will provide a suitable health insurance system for employees.	4.36	0.80	14.74	0.00
3	The bank will provide the suitable housing for employees.	3.83	0.92	7.78	0.00
4	The bank will provide transportation for employees.	4.07	0.93	9.88	0.00
5	The bank will provide external training sessions for employees.	3.85	1.00	7.42	0.00
6	Bank participates in social programs for employees outside of business hours.	2.93	1.29	0.45-	0.66
7	Bank will participate in employee's sibling's education.	3.04	1.32	0.26	0.79
Total	Human resources recruitment development	3.70	0.54	11.17	0.00

#### Second Hypothesis:

Islamic banks in Aqaba are committed, and dedicated to their social responsibilities toward customers. Table number 2 shows that; except for section number 11; all other sections got an arithmetic average of greater than 3.00, and observed significance level (P-Value) of less than 0.05 which statically significance. The section number 15; which concerns with providing waiting rooms suitable for customers; got the first rank, but section number 14; which have to do with bank variation of services provided to customers to meet all their expected desires, and needs; became in the last rank as part of the sections were accepted statically. As with section number 11, it had an arithmetic average of greater than 3.00, but the observed significance level (P-Value) was more than 0.05 too, and that does not consider statically significance which means that Islamic banks in Aqaba doesn't care enough about customer's complaints, and requests, and they doesn't work on solving it fast enough. The sections all together with respect to second hypothesis which have to do with customers had an arithmetic average of 3.79, and an observed significance level (P-Value) of less than 0.05 which means it is statically significance, and therefore, the second hypothesis is accepted, and we conclude that the Islamic banks in Aqaba

are committed to their social responsibility toward customers.

Table number (2): Arithmetic average, standard deviation, T-Value, and observed significance level for the relationship with customers.

Section number	Section	Arithmetic Average	Standard Deviation	T-value	Observed Significant Level
8	Bank will do marketing research to find out customer's needs for services.	3.83	0.91	7.90	0.00
9	Bank doesn't care about capitalizing on profit if it will damage quality.	4.09	0.90	10.49	0.00
10	Services which are provided to customers cross with what advertised for in terms of quality, and price.	3.84	1.05	6.91	0.00
11	Bank have concerns with customer's complaints and suggestions, and intend to solve them in the fastest time.	3.01	1.07	0.11	0.91
12	Bank does not provide high quality services for customers.	3.97	0.91	9.21	0.00
13	Bank has advertisement programs to tell customers about services provided, and the way they get it.	3.79	1.03	6.61	0.00
14	Bank provides different kinds of services to meet expected customer's interests and desires.	3.60	1.03	5.06	0.00
15	Banks provide suitable waiting rooms for customers.	4.21	0.76	13.85	0.00
Total	Customers	3.79	0.62	11.11	0.00

### Third Hypothesis:

Islamic banks in Aqaba are dedicated to the social responsibility toward local society.

Table number(3) shows that; except for sections number 16,17, and 20; all the other sections achieved an arithmetic average of grater than 3.00, and observed significance level (P-Value) of less than 0.05 which means it considers statically significance. Section number 22; which related to bank's participant in helping and providing welfares for poor families; on one hand; became in the first rank, but on the other hand section number 21; which related to bank's participant in implementing a housing program; got the last rank as part of the sections were accepted statically. As with section number 16 it got an arithmetic average of less than 3.00 and that means it is not statically significance which indicate that Islamic bank doesn't support universities, and local colleges in the society. Section number 17 also got an arithmetic average of less than 3.00, and that mean it was not statically significance too which indicate that Islamic bank doesn't participate in health centers, and schools establishment. As with section number 20 it got an arithmetic average of grater than 3.00, but the observed significance level (P-Value) was grater than 0.05 too, and that makes it statically not significance. This give the indication that Islamic bank doesn't provide educational scholarship, grant, or any other financial helps to individuals in the society. As with different sections grouped all together in relation to the third hypothesis; local society; it had an arithmetic average of greater than 3.00, and observed significance level (P-Value) of less than 0.05 which means that it is statically significance, and therefore, we will accept the following third hypothesis as it is "Islamic bank in Aqaba are dedicated to their social responsibilities toward local society.

Table number (3): Show the arithmetic average, standard deviation, T-value, and observed significance level which have to do with improving the Islamic bank relationship with local society.

Section number	Section	Arithmetic Average	Standard Deviation	T-value	Observed Significant Level
16	Bank does support local communities, colleges, and universities.	2.81	139	1.16-	0.25
17	Bank does participate in the establishment of schools and health care centers.	2.72	124	1.96-	0.05
18	Bank donates to non-profit organizations, cultural centers, and sport clubs.	3.72	0.75	8.37	0.00
19	Bank agrees to train students of universities, institutes, and community colleges during, and after study.	3.96	1.35	6.25	0.00
20	Bank provides scholarships, Grants, donations, and financial helps to the individuals in the society.	3.05	1.49	0.31	0.76
21	Bank participates in implementing housing programs.	3.52	1.51	2.98	0.00
22	Bank participates in providing financial supports, help the needy families.	4.05	0.77	11.86	0.00
23	Bank employs individuals with disability and special needs.	4.00	0.85	10.14	0.00
Total	Relationship with local society.	3.48	0.41	09.15	0.00

#### Conclusions:

- 1- Islamic bank in Aqaba is dedicated to its social responsibilities toward human resources, except for not participating in social programs for employees outside of business hours; such as; sport activities, cultural, and entertainment centers, and for not participating enough in educating the families, and siblings of employees.
- 2- Islamic bank in Aqaba is dedicated itself to the social responsibilities toward customers , except for not caring enough about their complaints, and suggestions, and for not making effort to solve them in timely manner.
- 3- Islamic bank in Aqaba is dedicated to its social responsibilities toward local society, except for not supporting local community colleges, and universities. Bank doesn't participate in the establishment of schools, and health centers, and it doesn't provide educational scholarships, donations, grants, and financial helps to individuals in the society too.

#### Recommendations:

- 1- Study advises Islamic bank in Aqaba to participate in social programs outside of work hours; such as; sport activities, and entertainment, and cultural centers.
- 2- Study recommends that Islamic bank in Aqaba have to participate more in teaching employee's families, and siblings up to its abilities.
- 3- Study advises Islamic bank in Aqaba to care, and have more concerns about customer's complaints, and suggestions, and to do their part to study, solve them as fast as they can.
- 4- Study advises Islamic bank in Aqaba to support local community colleges, and universities in a bigger way.
- 5- Study advises Islamic bank in Aqaba to participate in the establishment of schools, and health centers.
- 6- Study advises Islamic bank in Aqaba to provide educational scholarships, grants, donations, financial assistances, and any other kind of helps to individuals in the society.

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