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Enhancing Organizational Resilience: The Case of Palestinian Islamic Banking Sector

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الإقرار

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List of Abbreviations

ACs	Advanced Countries
AIB	Arab Islamic Bank
ASIS	ASIS International
ANS	American National Standard
ANSI	American National Standard Institute
AVG	Average
BURAQ	Real-Time Gross Settlement System
CEO	Chief Executive Officer
CHF	Cooperative Housing Foundation
EDCs	Emerging and Developing Countries
GDP	Gross Domestic Product
GS	Gaza Strip
HIHP	High Impact High Probability
HRO	High Reliability Organizations
IBAN	International Banking Account Number
LIHP	Low Impact High Probability
LTE	Long-Term Evolution
MENA	Middle East and North Africa
NIS	New Israeli Shekel
OR	Organizational Resilience
ORPS	Organizational Resilience Potential Scale
PDIC	Palestine Deposit Insurance Corporation
PEX	Palestine Exchange
PIB	Palestine Islamic Bank
PMA	Palestine Monetary Authority
RBT	Resilience Benchmark Tool
ResOrgs	Resilient Organizations
ROR	Relative Overall Resilience
USD	United States Dollar
WB	West Bank

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Abstract

Organizations maintain our economy; they provide jobs, goods, services and a sense of community. The increasingly globalized nature of the modern world has led to organizations facing threats that often are not recognized until the threat becomes a crisis. It is impossible for organizations, regardless of size, location or financial strength, to identify all possible hazards and their consequences. Therefore, the concept of increasing organizational resilience is gaining momentum.

However, the term resilience has been used with abandon across a wide range of academic disciplines and in a great many situations. There is little consensus regarding what resilience is, what it means for organizations and, more importantly, how they may achieve greater resilience in the face of increasing threats. As in the case of all banks in emerging countries that are not fully capable of implementing the Basel II and Basel III accords which aims to enhance their resilience abilities, the Islamic banks in Palestine must be aware of the significance of configuring an internal environment in accordance with the best practices and international standards to enhance their resilience abilities, due to the fact that there is a lack of knowledge in on how Palestinian organizations can enhance their resilience abilities.

This study investigates two Islamic banks within the Palestine context to discover what are the common issues that foster or create barriers to increased resilience. Organizational resilience is defined in this study as a function of the overall situation awareness, keystone vulnerabilities and adaptive capacity of an organization in a complex, dynamic and interrelated environment. A case-study method has been used, and resilience benchmark tool for assessing the organizational resilience in each bank. Data was collected in the form of participant observations, semi-structured interviews and benchmark tool.

The study has revealed that operational risk, severe weather and political instability are the major risk facing the Islamic banks in Palestine. A proposed framework was developed so that Palestinian Islamic banks can adopt in order to enhance their organizational resilience abilities. The framework consists of two dimensions along with a set of thirteen resilience indicators. The first dimension is adaptive capacity which includes eight indicators minimization of silos, internal resources, staff engagement and involvement, information and knowledge, leadership, innovation and creativity, decision-making, and situation monitoring and reporting. Planning is the second dimension it includes five indicators which are planning strategies, stress testing plans, proactive posture, external resources and recovery priorities.

Future work is likely to include further quantification of the methodology and the resilience dimensions and indicators and work on

understanding how the implementation of Basel II and Basel III accords: A global regulatory framework for more resilient banks and banking systems impact the resilience of Palestinian banks.

Chapter One

Introduction

Chapter One
Introduction

1.1 Chapter Overview

This chapter provides an introduction to the study carried out. It consists of subheadings concerning organizational resilience background, problem statement, research questions, expected outcome and the structure of the thesis. Adding to that, it includes a brief description of banking sector in Palestine. Thus, the chapter enables the reader to understand this research, and enrich his/her knowledge about the subject of the study.

1.2 Banking Sector in Palestine

During 2013 the Palestinian economy continued to suffer as economic slowdown persisted for the second consecutive year. Growth recorded a distinct decline to 2.1 percent compared with 5.9 percent in 2012 and 12.2 percent in 2011 (PMA, 2013). Underlying this economic slowdown is the notable decline in growth rate in the West Bank (WB), which fell from 5.6 percent to 0.7 percent between 2012 and 2013. The growth rate in Gaza Strip (GS) fell from 6.6 percent to 6.3 percent for the same period (PMA, 2013). The slowdown in growth in the WB can be attributed to a set of factors, most prominent among which are the persistent weakness in the public sector and the inability of the private sector to support national economic development. Additional factors include the Israeli measures, restrictions and impediments, the continuous construction of settlements, not to mention the political uncertainty and its

impact on investor confidence. With regard to GS, the socio-economic situation remains unchanged, and the ongoing siege and blockade continue. Additionally, closure of Rafah crossing continues, which adversely affects commercial exchange between Gaza and Egypt. The slowdown resulted in the reduction of real GDP per capita in Palestine to USD 1,664.8, reflecting a 2.0 percent decline in the WB and a relative improvement by 2.7 percent in GS, recording USD 2,051.4 and USD 1,103.9, respectively (PMA, 2013).

On the other hand, prices in Palestine sustained low and relatively contiguous levels of inflation in the past five years, albeit dropping notably in 2013. Inflation rate decreased to 1.7 percent during 2013, compared with 2.8 percent in 2012 (PMA, 2013). Geographically, inflation rate in the WB declined from 4.1 percent to 3.1 percent between 2012 and 2013, whereas in GS it fell to -0.8 percent in 2013 from 0.5 percent for 2012 (PMA, 2013). The disparity in inflation rates between the WB and GS causes a regional difference in purchasing power. Purchasing power of real wages earned by workers in the WB declined by approximately 0.9 percent during 2013, while in GS despite price decreases, a larger decrease in workers' nominal wages resulted in a decline in their purchasing power by around 1.2 percent in 2013 (PMA, 2013). The disparity in the inflation rate between the WB and GS led to variation in purchasing power of both the new Israeli shekel and the US dollar in both areas. Thus, the purchasing power of the new Israeli shekel in the WB dropped by 3.1 percent compared to a drop of 9.4 percent for the US dollar; whereas in GS, the

purchasing power of the new Israeli shekel rose by 0.8 percent compared with a 5.5 percent rise for the dollar (PMA, 2013).

In 2013, the Palestine Monetary Authority (PMA) continued to make notable achievements in many areas, which positively affected the performance and stability of banks operating in Palestine amid international and regional political and economic crises and in a high-risk local environment. PMA continued to support the infrastructure of the banking system and maintain client confidence, including by passing the Palestine Deposit Insurance Corporation (PDIC) Law, commencing implementation of the second phase of the IBAN project, extending the Real-Time Gross Settlement (RTGS) to settle net transactions in the financial market (PEX) through BURAQ system, founding a Payment Systems Monitoring Unit, developing the Clearing System and opening an account for the Palestinian government with the PMA in order to prepare for issuance of government bonds (PMA, 2013). As a result of these measures, financial indicators for the Palestinian banking system improved noticeably. Thus, banks' assets increased, customer deposits grew, credit facilities rose in size and quality, and the capability of the system to confront anticipated risks developed (PMA, 2013).

Financial indicators for banks operating in Palestine (Figure. 1) reveal that banks' total assets have increased to USD 11,190.7 million by end of 2013, indicating an increase of 11.4 percent over end of 2012 (PMA, 2013). Credit facilities portfolio recorded a rise of around USD 281.1

million, increasing by 6.7 percent from end of 2012 to reach USD 4,480.1 million (PMA, 2013). This indicated the enhanced role of intermediation between surplus and deficit units of the economy and the increased provision of financing opportunities, thereby contributing to economic development. Moreover, customer deposits reached USD 8,303.7 million, increasing by 10.9 percent over 2012, while bank system equity rose by 8.2 percent to USD 1,359.9 million (PMA, 2013).

Figure (1): Palestinian Banking System Institutions by end of 2013
(PMA, 2013)

As part of its efforts to comply with the Basel Committee standards, the PMA commenced a project to implement the Basel II requirements and subsequent revisions. For that purpose, the PMA's Supervision and

Inspection Department has formed a technical team to lay down the necessary plans and help banks prepare for implementation of the project (PMA, 2013). By implementing the Basel II resolutions and related amendments, the PMA seeks to promote governance and risk management in the Palestinian banking system, in order to enhance its creditworthiness and ability to confront risks, and maintain soundness and stability of the banking system and protect the public's money (PMA, 2013).

1.3 Problem Statement

Palestinian banks have remained hostage to political instability, unresolved conflict, and continued restrictions on movement, access, and trade. Despite mounting barriers and challenges (both structural and non-structural) to the Palestinian economy during 2013, the banking sector continued to grow, demonstrating a capability to weather many local and regional risks, and firmly establishing itself as a key pillar of the economy of the newly founded State of Palestine (PMA, 2013). The uninterrupted record of the banking sector is an indication of its robustness and the increased public confidence it enjoys. This would not have been possible without the efforts the PMA made and the measures it took in many areas. Examples include developing the banking system's infrastructure, reinforcing the financial safety network, instituting supervisory procedures and instructions in line with the best international standards, reforming weak banks, enhancing the Palestinian payments system, and establishing the Palestine Deposit Insurance Corporation (PDIC). In addition, PMA

took several precautionary actions which boosted the banking system's performance, as manifested by various financial indicators. The latter include an increase in the size and quality of banks' assets, a boost to banks' capital and therefore an enhanced capability to cope with expected and unexpected risks, fairly low loan default rates, creation of additional reserve for countercyclical fluctuations, and increased rates of return on both average assets and average core capital (PMA, 2013).

Striving to enhance banking system efficiency, the PMA seeks to keep abreast of international standards and best practices in the area of banking supervision, specifically the standards published by the Basel Committee on Banking Supervision. As part of its efforts to comply with the Basel Committee standards, early in 2013 PMA commenced a project to implement the Basel II requirements and subsequent revisions. For that purpose, the PMA's Supervision and Inspection Department has formed a technical team to lay down the necessary plans and help banks prepare for implementation of the project. Likewise, bank committees have been formed to follow-up the implementation of the Basel II requirements (PMA, 2013). By implementing the Basel II resolutions and related amendments, the PMA seeks to promote governance and risk management in the Palestinian banking system, in order to enhance its creditworthiness and ability to confront risks, and maintain soundness and stability of the banking system and protect the public's money. However, the Palestinian Islamic banks only recently formed the technical committees for Basel II project, these committees are still inactive in addition they lack the

experience, information and knowledge on how to implement these principles thus leading there banks to have a low level of resilience.

The current efforts of PMA to develop the sector should continue, PMA should also consider enactment of a new banking law to provide better basis for implementation of all of the Basel II and Basel III core principles in order to enhance the resilient of the banking system in Palestine. Community resilience and organizational resilience are interdependent, being resilient can provide organizations with competitive advantage so that the resilience of organizations directly contributes to the speed and success of community recovery. There is no available framework that Palestinian Islamic banks can adopt or follow in order to enhance their organizational resilience abilities.

1.4 Resilience Background

Countries, communities, organizations and individuals are all subject to a diverse and ever changing environment. The threats that this sometimes turbulent environment poses can vary in both severity and frequency and may originate internally or externally to a system. An event in one area can often have disastrous effects in another. These events can take many forms as highlighted in many recent highly publicized events including the 2004 Indian Ocean Tsunami, the 2010 Haiti and Chile Earthquakes and the recent global financial crisis (Bhamra et al., 2011).

Natural disasters, pandemic disease, economic recession, equipment failure and human error can all pose both a potentially unpredictable and

severe threat to the continuity of an organization's operation. Disasters are a multifarious concept composed of many different elements that seem to defy any precise definition (Alexander, 2003). It is often only through hindsight that disasters look like the events that individuals, communities, organizations and countries should have prepared for. It is not only disasters but also small uncertainties or deviations that can cause challenges to organizations. Sometimes even large organizations cannot withstand these challenges.

Organization's must strive and continually adapt in order to sustain competitiveness and remain viable within uncertain environments. Through turbulent economic, social and environmental periods, organizations will experience disruptions and discontinuities. These disruptions can pose several threats to the incumbency of an organization. Understanding the features that allow for successful adaption is essential within the volatile business ecosystem in which modern organization's operating. The concept of resilience within organizations may offer a potential framework to overcome these disruptions and discontinuities, and allow for organizational development (Burnard and Bhamra, 2011).

Disruptions can have a direct effect on an organizations ability to get finished goods into a market and provide critical services to customers (Burnard and Bhamra, 2011). As such, the resilience of organizations is a growing area of interest within operations management and other related fields. Hurricanes, tornadoes, earthquakes, tsunamis, fires and explosions

are just a few examples of events that can have catastrophic implications for both larger organizations and small and medium-sized enterprises. These events highlight both the borderless nature of risk and the need for organizations to develop subsequently appropriate capabilities toward overcoming their occurrence (Burnard and Bhamra, 2011).

The term resilience is used in a wide variety of fields that include ecology, metallurgy, individual and organizational psychology, supply chain management, strategic management and safety engineering. Although the context of the term may change, across all of these fields the concept of resilience is closely related with the capability and ability of an element to return to a stable state after a disruption. When the notion of resilience is applied to organizations, this definition does not drastically change. Resilience is therefore related to both the individual and organizational responses to turbulence and discontinuities (Bhamra et al., 2011).

The concept of 'resilience' has been reaching increasing prominence both within both academia and industry over recent years (Bhamra et al., 2011). The Concept of resilience is grounded in the roots of ecology and social psychology and has expanded to address various areas including organizations, supply chain management and infrastructure development. Although the context of resilience may vary, the fundamental principle of resilience remains the same. Resilience relates to the adjustment of an element or system following the influence of a perturbation or disturbance. Resilience relates to the capacity of a system to absorb discontinuities and

disturbances, such as natural disasters and other potential crises, and retain essential system structures, processes and feedbacks (Bhamra et al., 2011) As highlighted by several authors (Bhamra et al., 2011), through the cultivation of resilience within a system, it may be possible to not only overcome potential disruptions but transcend these events and develop towards a more robust system. The mechanisms of organizational resilience thereby strive to improve an organizations situational awareness, reduce organizational vulnerabilities to systemic risk environments and restore efficacy following the events of a disruption (Bhamra et al., 2011).

Organizational resilience is often regarded as the ability of organizations to address and overcome disruptive events, and emerge from these periods of adversity strengthened and more resourceful (Sutcliffe and Vogus, 2003). Resilience thereby strongly relates to the adaptive capabilities that enable an organization to respond to change effectively while enduring minimal discontinuity. Organizational resilience depends on the capability of an organization to restore efficacy after a disruption. However, within complex environments often organizations have limited capacity to anticipate every challenge and discontinuity that could possibly occur (Sutcliffe and Vogus, 2003).

Resilience can thereby be viewed as the emergent property of organizational systems that relates to the inherent and adaptive qualities and capabilities that enable an organizations adaptive capacity during turbulent periods.

1.5 Research Objectives

This research focuses on developing and testing a resilience enhancement framework. The purpose of this is to provide Islamic banks with leading, as opposed to lagging, indicators of their resilience. The objectives of the research are shown below and relate to the research questions presented in Section 1.7

1. To review McManus's (2007) and ResOrgs (2013) definition and indicators of organizational resilience

2. Propose a framework of organizational resilience for Palestinian Islamic banks.

3. To use the resilience benchmark tool developed by Resilient Organizations in New Zealand to gain a picture of the resilience of organizations in Palestine.

1.6 Significance of the Study

This research will contribute to the Palestine Monetary Authority objective. Which is:

"To achieve an appropriate environment to attain price stability, and financial system stability for supporting the investment, economic growth, and employment; by organizing monetary policy, credit policy, banking policy and working for implementing it according to the general plan of the PMA". (PMA, 2013)

This research develops a framework to enhance the organizations' resilience abilities that will enable organizations to priorities targeted investment towards areas of potential improvement. In addition to contributing to the objective of PMA, this thesis:

- Contributes to organizational resilience literature;

- Provides a snap shot of the resilience of Palestinian Islamic banks;

- Provides a framework for Islamic banks to enhance their resilience abilities; and

- Contributes towards the business case of resilience.

This research reviews organizational resilience theory, using data collected from Palestinian Islamic banks. The qualitative and quantitative analysis are parts of the development of the resilience enhancement framework, the research also adds to the literature on what organizational resilience is, and identifies leading indicators that can be used to enhance it.

1.7 Research Questions

Resilience is a multidimensional, sociotechnical phenomenon that addresses how people, as individuals or groups, manage uncertainty. Organizations respond to uncertainty in many ways; they centralize internal controls, they learn, they are creative, and they adapt. Discussions about resilience characterize it using notions of bouncing back, robustness, absorption, and surviving and thriving (Lee et al.,2013).

Organizational resilience is a continuously moving target that contributes to performance during business as usual and crisis situations. It requires organizations to adapt and to be highly reliable and enables them to manage disruptive challenges. Seville et al. (2008) discuss organizational resilience as an organization's ". . .ability to survive, and potentially even thrive, in times of crisis." Thus, the purpose of this study was to deepen understanding of organizational resilience for the case of the Islamic banking sector in Palestine by answering the following questions:

- How should one define organizational resilience for Islamic banking sector in Palestine?

- What are the organizational resilience indicators for Islamic banking sector in Palestine?

- How to enhance the overall Islamic Banking sector resilience in Palestine?

1.8 Expected Outcomes

The expected outcome of this research is an organizational resilience enhancement framework for the Islamic banking sector in Palestine, and therefore building an awareness of resilience issues in Islamic banks about the importance of resilience in order to support them in enhancing their resilience abilities. As a result, this research will contribute to the development of banking sector in Palestine with more attention to the Islamic banking sector.

1.9 Structure of Thesis

This thesis consists of six chapters: **Chapter One** is an introductory chapter that covers the background of resilience, problem statement, research questions, expected outcome, and a brief of banking sector in Palestine.

Chapter Two is a review of relevant literature related to the development of resilience from an organizational perspective this chapter consist of two parts; the first part discusses related concepts of resilience that includes organizational system, resilience, organizational resilience, risk and uncertainty, importance of organizational resilience and the measurement of organizational resilience. The second part discusses the factors of the organizational resilience including: situation awareness, management of keystone vulnerabilities, and adaptive capacity.

Chapter Three is the methodology of this research that discusses the different types of research: approach of research, strategy of research, data collection, empirical data, data analysis approach, data reliability and validity, and outcome validation.

Chapter Four gives a presentation of data analysis and concluding results, while **Chapter Five** includes a discussion of results and finding and constructing work for explored framework.

Chapter Six consists of the summary of the thesis findings, implications and recommendations for further research.

Chapter Two

Literature Review

Chapter Two
Literature Review

2.1 Chapter Overview

This chapter presents a review of the literature related to the development of resilience from an organizational perspective. The chapter forms the basis of the working definition of organizational resilience used in this study; Where

Resilience is "a function of an organization's situation awareness, identification and management of keystone vulnerabilities and adaptive capacity in a complex, dynamic and interconnected environment". (McManus, 2007)

This chapter consists of two parts; the first part discusses related concepts of resilience that includes organizational system, resilience, organizational resilience, risk and uncertainty, importance of organizational resilience and the measurement of organizational resilience. McManus et al. (2008) proposed three factors for organizational resilience literature during the period of 1976-2008 including: situation awareness, management of keystone vulnerabilities, and adaptive capacity, thus the second part of this chapter focuses on these factors.

Through this chapter, the reader will be able to understand the organizational resilience from various aspects such as importance, factors, dimensions, and measurements. On the other hand, he will recognize the evolution of organizational resilience and the role of organizational

resilience since resilience of organizations directly contributes to the speed and success of community recovery and being resilient can provide organizations with competitive advantage.

Several excellent reviews of the literature are available by Folke (2006), Hollnagel et al. (2006) and Klein et al. (2003), and the reader is directed towards these for a detailed discussion. However, as pointed out by Klein et al.(2003), resilience remains a theoretical concept and methods for achieving improved resilience at an operational level still challenge both the academic and the practitioner.

2.2 Part One: Concepts Related to Organizational Resilience

2.2.1 Organizational systems

An organizational system is composed of a complex network of interrelated elements and sub systems (composed of both social and technical components) that interact through nonlinear relationships to form an organizations unique identity. As shown by a variety of authors (Burnard and Bhamra, 2011), within an ever-changing environment capable of significant turbulence, a system is required to change and adapt in response to environmental fluctuations in order to sustain function and retain advantage. Without this change in the face of adversity, systems such as organizations will follow a primarily recovery-based approach which may introduce maladaptive cycles of development. Instead, a resilience approach in the face of perturbation is suggested to enable an organization

to adapt to new risk environments. As such, this study can be seen as a logical extension of several trends in literature, developed to address issues such as sustainability, business continuity and risk management within the field of operations management (Burnard and Bhamra, 2011). Organizations have also been conceptualized as complex systems by a variety of authors. A complex system is composed of interconnected agents that form a network of linkages that interact nonlinearly. It is this interaction that gives rise to emergent behavior. As a result of this, an organization can be regarded as a dynamic system (Burnard and Bhamra, 2011).

2.2.2 Resilience

Resilience is a multidimensional, sociotechnical phenomenon that addresses how people, as individuals or groups, manage uncertainty. Organizations respond to uncertainty in many ways; they centralize internal controls, they learn, they are creative, and they adapt (Lee et al.,2013).

Resilience is a function of both the vulnerability of a system and its adaptive capacity (Dalziell and McManus, 2004). Fiksel (2003) identifies four major system characteristics that contribute to resilience. These include:

- diversity – the existence of multiple forms and behaviors

- efficiency – performance with modest resource consumption

- adaptability – flexibility to change in response to new pressures

- cohesion – existence of unifying relationships and linkages between system variables and elements.

To illustrate this, Fiksel (2003) presents simplified graphical representations of thermodynamic systems to characterize the different types of resilience. Each system has a stable state representing the lowest potential energy at which the system maintains order and function. When the system is subjected to a threat or perturbation, this state will shift along the trajectory of the adjacent states (Fiksel, 2003). The examples of system behavior are shown in Figure 2.
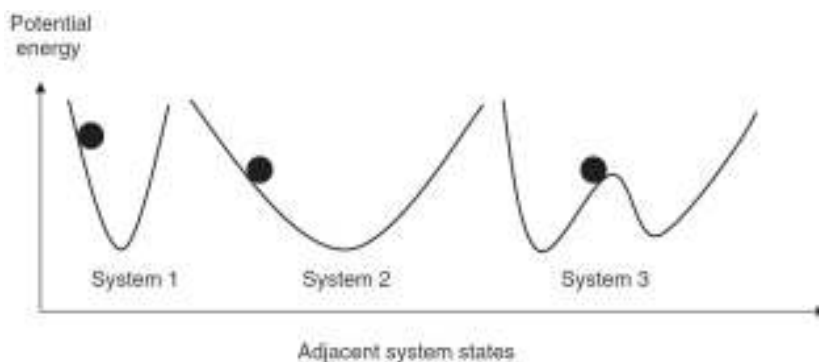
Figure (2): System Trajectory
(Fiksel, 2003)

System 1 highlights an engineered system through which the system operates within a narrow band of possible states. Although the system is designed to be resistant to small disturbances from its equilibrium state, the system is unable to cope with larger scale or high impact events. As such the system may be regarded as resistant, but not as resilient. System 2 offers a greater resiliency to disturbances, as the system is able to retain fundamental function across a broad range of possible states and then gradually return to equilibrium. As a result system 2, typical of social and

ecological systems, can be characterized as a resilient system. Although system 2 does classify as a resilient system, the characteristics of system 3 offer much greater resilience in the face of significant disturbance. Through the system having multiple equilibrium states, under certain condition the system is able to shift to a different state. This means that the system is able to tolerate larger perturbations. However, the shift to a different equilibrium point represents a fundamental change in the systems structure and function (Fiksel, 2003).

2.2.3 Organizational Resilience

The study of organizations from a disaster perspective includes an array of literature examining why they fail, which is mainly drawn from the analysis of major accidents, as well as several studies proposing models of crisis causation and management (Lee et al., 2013). Less attention is given to what makes organizations succeed despite disaster. However, organizational resilience literature is beginning to fill this gap and to focus on the characteristics of organizations that survive and thrive. Concepts have also emerged that provide a sociotechnical systems view of organizations such as high reliability organization (HRO) theory, and normal accident theory, which also explore elements linked to resilience (Lee et al., 2013).

Organizational resilience is a continuously moving target that contributes to performance during business as usual and crisis situations (Mitroff 2005). It requires organizations to adapt and to be highly reliable

and enables them to manage disruptive challenges (Lee et al.,2013). Seville et al. (2008) discuss organizational resilience as an organization's ". . .ability to survive, and potentially even thrive, in times of crisis." In particular, organizations' ability to adapt has received a lot of attention, and researchers have questioned whether all adaptation is resilience. From the resilience engineering perspective, Woods (2006) argues that resilience is more than an ability to adapt. From this, Woods and Wreathall (2008) and Vogus and Sutcliffe (2008) distinguish two types of adaptive capacity. First-order adaptive capacity is displayed when organizations respond or bounce back using existing predetermined planning and capabilities. In practice, this is shown through disciplines such as business continuity and risk management. In contrast, second-order adaptive capacity emerges when organizations develop new capabilities to respond dynamically to situations that are outside of their design (Woods and Wreathall, 2008). Woods (2006) also introduces the idea that the resilience of a system at one scale influences its resilience at other scales.

Another key theme within resilience engineering is the need to detect the drift toward failure or weak signals, which often precede disaster (Lee et al.,2013). Dekker (2006) from the resilience engineering perspective and Weick and Sutcliffe (2007) from the high reliability perspective both identify the organizations' preoccupation with failure as a key element of resilience, arguing that resilient organizations continuously question assumptions about their environment.

Reason (2000) argues, "High reliability organizations. . .offer important models for what constitutes a resilient system." The similarities or crossover between HRO and resilience theory is further emphasized by Weick and Sutcliffe (2007), who use HRO theory as a basis for their organizational resilience audits that measure organizational resilience and ask to what extent organizations display HRO characteristics.

2.2.4 The Importance of Organizational Resilience

In the literature, community and organizational resilience are often addressed separately. However, communities rely on organizations to plan for, respond to and recover from disasters, and to provide critical services such as power, transport, healthcare, and food and water (Chang & Chamberlin, 2003). McManus et al. (2008) argue that the resilience of organizations directly contributes to the speed and success of community recovery following a crisis or disaster. Buckle (2006) reflects this when he discusses organizations as a level of social resilience. McManus et al. (2008) go on to discuss communities' expectations of organizations and argue,

"Consumers and communities are increasingly demanding that organizations exhibit high reliability in the face of adversity and that decision makers are able to address not only the crises that they know will happen, but also those that they cannot foresee". (McManus et al., 2008)

However, crises can also present an opportunity for organizations that are resilient. Starr et al. (2003b) support this when they argue,

"A resilient organization effectively aligns its strategy, operations, management systems, governance structure, and decision-support capabilities so that it can uncover and adjust to continually changing risks, endure disruptions to its primary earnings drivers, and create advantages over less adaptive competitors". (Starr et al., 2003)

Organizational resilience is important for two key reasons: first because community resilience and organizational resilience are interdependent and second because being resilient can provide organizations with competitive advantage (Lee et al.,2013). McManus et al. (2008) argue that the resilience of organizations directly contributes to the speed and success of community recovery. Without critical services provided by organizations such as power, water, sanitation, transport, healthcare, etc., communities cannot respond or recover.

2.2.5 Measurement of Organizational Resilience

Metrics for measuring and evaluating organizational resilience can contribute to four key organizational needs:

- The need to demonstrate progress toward becoming more resilient;

- The need for leading, as opposed to lagging, indicators of resilience;

- The need to link improvements in organizational resilience with competitiveness; and

- The need to demonstrate a business case for resilience investments.

Organizations can struggle to prioritize and allocate resources to building resilience, given the difficulty of demonstrating progress or success (Stephenson et al., 2010). This is partly because emergency management and business continuity programs have to compete for resources against profit-driven activities for which there are metrics for evaluating whether they have produced financial growth or not (Kay, 2010). Resilience, however, focuses on more social and cultural factors within organizations that are more difficult to measure and to link to financial outcomes. One example would be the difficulty of quantifying how the cost of running an emergency exercise affects an organization's resilience and their bottom line. Organizations must be able to demonstrate progress toward becoming more resilient by quantifying improvements in their resilience and tracking changes in that measurement over time.

Flin et al. (2000) review scales developed to measure safety climate in high reliability industries and note that in recent years, operating companies and regulators have moved away from lagging indicators toward leading indicators of safety. Lagging indicators are based on retrospective data and, in the context of resilience, would measure how resilient an organization has been. Flin et al. (2000) argue that leading indicators ". . .may reduce the need to wait for the system to fail in order to identify weaknesses and to take remedial actions". In the context of resilience this is very important because leading indicators can provide organizations with information on their resilience strengths and weaknesses before a crisis happens.

In a competitive environment, an organization that is aware of its resilience strengths is more equipped to find opportunities out of a crisis situation (Knight and Pretty, 1997). Resilient organizations can also be more competitive during business as usual. Vargo and Seville (2010) discuss competitive excellence and provide Table 1 to illustrate the similarities and links between organizational resilience and competitive excellence. The comparison shows that elements of resilience and competitive excellence share many of the same features. For example, the organization's situation awareness, or its ability to interpret information about its business environment and understand what that information means for the organization now and in the future, is very similar to its ability to know its competition and environment.

Table (1): Organizational Resilience and Competitive Excellence

Features of Resilience	Features of Competitive Excellence
20/20 Situation awareness and effective	Knowing your competition and environment
Agile adaptive capacity	Being quick to respond when things change
World class organizational culture and leadership	Having outstanding leadership
20/20 Situation awareness and effective vulnerability management	A robust capital structure
World class organizational culture and leadership	A commitment to your customer that is extraordinary
World class organizational culture and leadership	A cohesive culture of quality, responsibility and service

(Vargo & Seville, 2010)

Mendonça (2008) discusses the need to measure resilience and identifies several challenges including whether resilience exists a priori or

only emerges during a crisis response, a lack of longitudinal data on pre-event conditions to enable comparison, and the difficulty of a positivist approach where there is no widely accepted definition or proven set of factors.

2.3 Part Two: Organizational Resilience Frameworks

2.3.1 Introduction

Researchers in this area have come up with different definitions for resilience as well as what factors contribute to resilience. The definitions are dynamic and change with different perspectives, such as spatial, social, and scale or unit of analysis (Renschler et al., 2010), and according to the context in which it is being applied (Haigh and Amaratunga, 2010). Table 2 shows some of the models and frameworks developed by researchers to represent resilience from different perspectives.

Table (2): Resilience Models and Frameworks Source

Source	Context	Dimension of Resilience
Bruneau et al. (2003)	Community, Infrastructure systems	Robustness, redundancy, resourcefulness, rapidity
Tieney and Bruneau (2007)	Community, Infrastructure systems	Robustness, redundancy, resourcefulness, rapidity
Paton (2007)	Societal resilience	Personal: Critical awareness, self-efficacy, action coping, outcome expectancy, resources Community: Collective efficacy, participation, commitment, information exchange, social support, decision making, resources Institutional: Empowerment, trust, resources, mechanisms for assisting community, problem solving
McManus et al. (2007)	Organizational Resilience	Situation awareness, management of vulnerabilities, adaptive capacity
Cutter et al. (2008)	Community, Country resilience	Social, Technical, Economic, Organizational
Omer et al.(2009)	Infrastructure networks resilience	Vulnerability of network systems
Stephenson et al. (2010)	Organizational Resilience	Adaptive capacity, planning
Miles and Chang (2011)	Community resilience	Community/Neighborhood, businesses, households, lifelines
Ainuddin and Routray (2012)	Community Resilience	Social, economic, institutional, physical
Lee et al. (2013)	Organizational Resilience	Leadership & culture, networks, ready change

The resilience model used in conducting this benchmark study was developed by Resilient Organizations (ResOrgs) as an outcome from its research and incorporates work carried out by the Australian Attorney General's Department. It consists of three attributes, Leadership and

Culture, Networks and Change Ready (ResOrgs, 2012). These three attributes are then composed of 13 Indicators that are used to forecast an organization's resilience in a number of key areas (Figure 3).

Figure (3): The ResOrgs Model for Organizational Resilience (ResOrgs, 2012)

2.3.2 Organizational Resilience Dimensions and Indicators

Mallak (1998) surveyed nursing executives in the acute healthcare industry to measure organizational resilience. To enable this, he operationalized three concepts introduced by Weick (1993): bricolage, attitude of wisdom, and virtual role system. With responses from 128 nursing executives, Mallak (1998) used confirmatory factor analysis to develop six factors as metrics of resilience: goal directed solution seeking, avoidance or skepticism, critical understanding, role dependence, source resilience, and access to resources.

Somers (2009) extended Mallak's (1998) research and applied it to 142 public works organizations. He used Mallak's six factors to measure

resilience potential or latent resilience, defined as ". . .resilience that is not presently evident or realised" (Somers, 2007). Through his research, Somers (2009) uses data from a nonprobability sample, which does not involve a random selection, to develop the organizational resilience potential scale (ORPS). In addition to Mallak's six factors, Somers (2009) also includes measures of decision structure and centralization, connectivity, continuity planning, and agency accreditation in the ORPS. While both studies of Mallak (1998) and Somers (2009) represent significant theoretical contributions, neither was developed using a random sample and therefore cannot be used as the sole basis for a robust resilience measurement tool.

McManus (2008) used grounded theory to explore organizational resilience in New Zealand. She conducted a qualitative study using semi-structured interviews with 10 case study organizations to assess their resilience qualities. From these case studies, McManus et al. (2008) proposed a definition of organizational resilience as ". . .a function of an organization's overall situation awareness, management of keystone vulnerabilities and adaptive capacity in a complex, dynamic and interconnected environment." Through this definition, she hypothesized a model where relative overall resilience (ROR) is composed of three factors (situation awareness, management of keystone vulnerabilities, and adaptive capacity) and also proposed 15 indictors of organizational resilience (five for each factor) (McManus, 2008). The ROR model has been chosen as the starting point for this study because it presents a rare operationalized

definition of organizational resilience that has been developed through research with New Zealand organizations and therefore provides a good context for this study. The indicators proposed in the ROR model within each of the three factors can be seen in Table 3. Each of the three dimensions are discussed below.

Table (3): McManus's Factors and Indicators of Relative Overall Resilience

Situation awareness	Management of Keystone vulnerabilities	Adaptive capacity
Roles and responsibilities	Planning strategies	Silo mentality
Understanding and analysis of hazards and consequences	Participation in exercises	Communications and relationships
Connectivity awareness	Capability and capacity of internal resources	Strategic vision and outcome expectancy
Insurance awareness	Capability and capacity of external resources	Information and knowledge
Recovery priorities	Organizational connectivity	Leadership, management, and governance structures

(McManus, 2008)

The following table (Table 4) captures the development of indicators of organizational resilience.

Table (4): Dimension and Indicators of Organizational Resilience

Source	Dimension and Indicators
McManus *et al.* (2007)	**Situation awareness**: Roles & responsibilities, Understanding & analysis of hazards & consequences, Connectivity awareness, Insurance awareness, Recovery priorities; **Management of vulnerabilities**: Planning & strategies, Participation in exercises, Capability & capacity of internal resources, Capability & capacity of external resources, Organizational connectivity; **Adaptive capacity**: Roles & responsibilities, Silo mentality, Communication & relationship, Strategic vision & outcome expectancy, Leadership, management & governance structure
McManus (2008)	**Resilience ethos**: Commitment to resilience, Network perspective; **Situation awareness**: Roles & responsibilities, Understanding & analysis of hazards & consequences, Connectivity awareness, insurance awareness, Recovery priorities, Internal & external situation monitoring & reporting, Informed decision making; **Management of vulnerabilities**: Planning & strategies, Participation in exercises, Capability & capacity of internal resources, Capability & capacity of external resources, Organizational connectivity, Robust processes for identifying & analysis vulnerabilities, Staff engagement & involvement; **Adaptive capacity**: Roles & responsibilities, Silo mentality, Communication & relationship, Strategic vision & outcome expectancy, Leadership, management & governance structure, Innovation & creativity, Devolved & responsive decision making
Stephenson *et al.* (2010)	**Adaptive capacity**: Minimization of silo mentality, Capability & capacity of internal resources, Staff engagement & involvement, Information & knowledge, Leadership, management & governance structure, Innovation & creativity, Devolved & responsive decision making, Internal & external situation monitoring & reporting; **Planning**: Planning strategies, Participation & exercise, Proactive posture, Capability & capacity of external resources, Recovery priorities
Lee *et al.* (2013)	**Leadership & culture**: Leadership, Staff engagement, Situation awareness, Decision making, Innovation & creativity; **Networks**: Effective partnership, Leverage knowledge, Breaking silos, Internal resources; **Change Ready**: Unity of purpose, Proactive posture, Planning strategies, Stress testing plan

According to table 2, there are three common dimensions for organizational resilience; these are situation awareness, management of keystone vulnerabilities, and adaptive capacity. The following paragraphs summarize the literature regarding these dimensions.

2.3.2.1 Situation Awareness

It is critical that organizations understand that they do not work alone if they are to successfully navigate a crisis. They must recognize themselves as parts of a wider network, and indeed as networks themselves. As a result, there is an increasing need for decision makers and organizations generally, to have common and shared situation awareness. Originally coined in relation to military pilots, the modern concept of situation awareness is traditionally attributed to Endsley (1995) and described the situation awareness of an individual within a system. However, as recognition of teamwork increased, so did the necessity to look at situation awareness from a different, more complex perspective. While team or shared situation awareness is rapidly becoming a significant field of research, there is no agreed upon definition Salmon et al. (2006) and the terminology is diverse for examples. Oomes (2004) suggests the concept of organizational awareness, particularly in relation to the effective management of crisis situations, where organizational awareness is: *"... an understanding of the multiple parties that make up the organization and how they relate to each other."*

A fundamental approach to increasing an organization's situation awareness is by encouraging some experience of pseudo crisis situations

through the use of scenario exercises. Coates (2006) suggests that organizations have a "severely limited psychological capacity" to look at incidents in other corporations and apply the lessons learned to them. Therefore, scenario exercises offer significant value for the networked organization, specifically if they involve participants from across a number of internal divisions and/or external interconnected organizations.

Improving an organization's situation awareness about crises also involves learning about the types of emergency situations that may occur. Many organizations have engaged in some sort of risk identification process, but few take this process one-step further and combine risks of similar nature or expected response (Pearson and Mitroff, 1993).

Therefore, in this study, situation awareness is defined as a measure of an organization's understanding and perception of its entire operating environment. This includes the ability to look forward to opportunities as well as potential crises and the ability to identify crises and their consequences accurately. Further, situation awareness includes an enhanced understanding of the trigger factors for crises, an increased awareness of the resources available both internally and externally, and a better understanding of minimum operating requirements (McManus et al., 2008).

2.3.3.2 Management of Keystone Vulnerabilities

The term vulnerability is one that has many different definitions and applications, depending on the objectives of the researchers/ practitioners

and the situation within which it is applied. As such, there is considerable confusion over the use of the term vulnerability and assessing and modeling vulnerability in the real world. The concept of vulnerability originated in natural hazard research, but has since expanded considerably into other disciplines. There are many authors who have sought to summarize the thinking about vulnerability; however, this is an extremely difficult task as the literature on the topic is large. For this research, vulnerability is considered specifically as it relates to organizations and makes no attempt to provide a detailed account of vulnerability in other areas of enquiry (McManus et al., 2008).

Gallopin (2006) identify the conceptual linkages between vulnerability, resilience and adaptive capacity. Within this representation, resilience is considered a subset or component of a systems capacity of response. Within Gallopins (2006) model of the components of vulnerability, it is clear that vulnerability is the overreaching concept and that resilience and adaptive capacity are considered a conceptual subset. Through this, Gallopin (2006) refers to the vulnerability as the capacity to preserve the structure of a system, while resilience refers to the capacity to recover from disturbances. The same relationship between vulnerability and resilience is reflected by Turner et al. (2003) within the development of vulnerability analysis models within the concept of sustainability. Here, vulnerability is defined as the degree to which a system is likely to experience harm due to exposure to a threat or perturbation. As such, resilience is identified as a subset element of vulnerability (Figure 4).
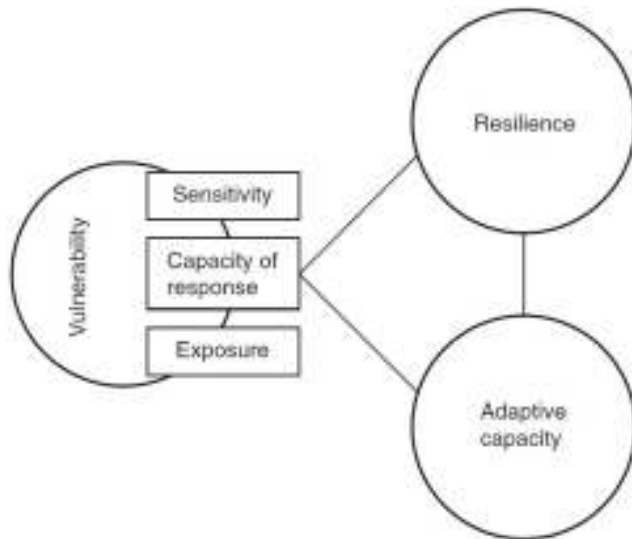
Figure (4): The Concept of Vulnerability
(Gallopins, 2006)

The definition in this study of the management of keystone vulnerabilities relates to those aspects of an organization, operational and managerial, that have the potential to have significant negative impacts in a crisis situation. There are two aspects to identifying keystone vulnerabilities. The first is the speed at which a component failure has a negative impact (rapid or insidious), and the second is the number of component failures required to have a significant negative impact on an organization (discrete or cascading). Keystone vulnerabilities may include specific tangible organizational components such as buildings, structures, and critical supplies, or computers, services, and specialized equipment. Tangible components can also include, for example, individual managers, decision makers, and subject matter experts. Keystone vulnerabilities can also include less tangible components, for example, relationships between key groups internally and externally, communications structures, and the perception of the organizational strategic vision (McManus et al., 2008).

2.3.4.3 Adaptive Capacity

The literature in relation to adaptive capacity is divided into two rather distinct categories. There is a huge body of research on adaptive capacity as it relates to socio-environmental systems, particularly in relation to climate change research. This work is matched by the volumes of research into organizational adaptive capacity. This discussion focuses on the organizational research domain (McManus et al., 2008).

For the purposes of this study, adaptive capacity is a measure of the culture and dynamics of an organization that allow it to make decisions in a timely and appropriate manner, both in day to-day business and also in crises. Adaptive capacity considers aspects of an organization that may include (but not be limited to) the leadership and decision-making structures, the acquisition, dissemination and retention of information and knowledge, as well as the degree of creativity and flexibility that the organization promotes or tolerates (McManus et al., 2008). The concept of adaptive capacity is at the core of current organizational resilience methodology. Adaptive capacity is defined as the ability of an enterprise to alter its *"strategy, operations, management systems, governance structure, and decision-support capabilities"* to withstand perturbations and disruptions. Organizations that focus on their resilience in the face of disruption generally adopt adaptive qualities and proactive responses. Furthermore, they emphasize positive behavior within the enterprise and within employees, and look at disruptions as being opportunities for advancement (McManus et al., 2008).

The study of adaptive capacity in relation to organizational systems has resulted in considerable advances in recent years, particularly regarding the cultural capital of an organization and the effects this may have on its ability to withstand crises. Many organizations have been shown to exhibit favorable workplace cultures that help them to adapt to changes in their operating environment, even when these changes are unforeseen and unexpected. Examples include Nokia, Toyota, Dell, UPS, and Coca-Cola (McManus et al., 2008). While terminology differs regarding what attributes actually make up such effective organizational cultures, there are some widely accepted qualities that organizations can encourage. For example, the ability of both leaders and general staff to view crises from a positive and opportunistic perspective is important in the adaptive organization (McManus et al., 2008). The quality of leadership and the degree of empowerment through to lower levels in an organization is increasingly seen as a critical facet of an adaptive organization's culture (McManus et al., 2008).

The interest in creating an increased adaptive capacity during and immediately following a disaster has led some researchers to propose a set of adaptive features to enhance organizational and societal resilience (McManus et al., 2008). This includes, for example, bricolage, which is the capacity to adapt known information and apply it to the current situation in a creative manner, and virtual role systems, the ability of subsets of an organization to take on the role and responsibility of absent members.

Dalziell and McManus (2004) introduce the concept that systems (specifically organizational systems) can adapt to changes in different ways. First, they may use existing responses and apply them to the problems at hand, which may involve upscaling this response. Second, existing responses may be utilized in a new context for a crisis situation. Third, an organization may develop novel responses and apply them to a problem (Dalziell and McManus, 2004).

Chapter Three

Research Methodology

Chapter Three
Research Methodology

3.1 Chapter Overview

The purpose of this chapter is to discuss the research procedures and techniques that were used in this study. In particular, it includes the purpose of the research, research approach, research strategy, data collection tools, data collection, data analysis, and data validation.

After reading this chapter, the reader should have a comprehensive understanding about methodological set of guidelines, tools, and approaches that the researcher relies on it to assist achieving the objectives of the study.

3.2 Types of Research

Research can be categorized according to its purpose. Accordingly, Saunders et al. (2003) has categorized it as exploratory, descriptive, and explanatory. Exploratory research can be described as finding out what is happening and identifying new knowledge, new understanding, and to explore new factors related to the subject (Brink and Wood, 1998). Generally, exploratory research examines the relevant factors in detail to arrive at an appropriate description of the reality of the existing situation (Brink and Wood, 1998), and according to Saunders et al. (2003) there are three principal ways to conduct exploratory research: reviewing available literature, using qualitative approaches with experts in the subject, and interviewing focus groups. Descriptive research is used to describe the

situation and phenomenon, and such research makes it possible to answer many questions. Accordingly, descriptive research is designed to measure the characteristics described in a research questions. Hypotheses usually serve to guide the process of research and provide a list of characteristics to be measured. The explanatory research is conducted in order to explain a cause- and-effect relationship between different variables during the study of a problem or a particular situation. Explanatory researches were designed to test whether one event causes another (Saunders et al., 2003).

Recalling the aim of this study, to investigate relevant themes and factors related to OR process that supports the creation of sustainable Islamic banking system suitable for the Palestinian market. Therefore, the purpose of this study is mainly to be exploratory in addition to descriptive analysis. It will start with descriptive research in order to report and understand the current organizational resilience of Islamic banking sector and related environments, and then to explore a framework for enhancement of overall organizational resilience that is suitable for the Palestinian Islamic banking sector.

3.3 Approach of Research

The research approach tends to be qualitative, quantitative, or mixed of both (Creswell, 2003). The most significant difference between a qualitative research design and a quantitative research design is that qualitative research is more focused on words than numbers while the mix approach is to get benefit from the strengths of each of qualitative and

quantitative approaches and minimize the weaknesses of each of them in a single research study (Johnson and Onwuegbuzie, 2004).

3.3.1 Qualitative Approach

Qualitative research approach relies on the collection of data that depends on word more than numbers that is going to be naturally interpreted. According to Grönfors (1982), there are four major themes in qualitative research: first, qualitative research occurs in a natural environment; second, data is derived according to interviewee's or interviewer's perspective; third, the research design is flexible and researcher can adjust the data collection or analysis method due to certain constraints; and forth, no standardization of instrumentation methods or modes of analysis. There are many methods to collect data such as surveys, interviews, focus groups, conversational analysis, observation and ethnographies (Olds et al., 2005).

3.3.2 Quantitative Approach

The second approach of research is quantitative research. The term "quantitative" indicates that research is based on quantitative approach, which primarily consists of collection and handling relatively large amount of data. Accordingly, quantitative studies use standardized measures that fit diverse opinions and experiences into predetermined answer categories (Patton, 1987). As a result, quantitative approach is suitable for descriptive and easily measurable information. On the other hand, a quantitative

approach is designed to identify and test research hypotheses, which are formed according to existing theory (Cavana et al., 2001). Therefore, a particular size of survey is required in order to be able to apply for statistical analysis of proposed hypotheses (Malhotra et al., 2004). However, there are different assessment methods pertinent to engineering education to achieve qualitative studies that include surveys, statistical analysis and experimental designs (Olds et al., 2005; Malhotra et al., 2004).

3.3.3 Mixed Methods Research

The third approach of research is mixed. Johnson and Onwuegbuzie (2004) defined mixed methods research as "as the class of research where the researcher mixes or combines quantitative and qualitative research techniques, methods, approaches, concepts or language into a single study". The goal of mixed methods approach is not to replace either qualitative or quantitative approaches, it is to benefit from the strengths of each of them and minimize the weaknesses of each of them in a single research study (Johnson & Onwuegbuzie, 2004). One of the main reasons of adapting the case study as a research method it provides a holistic and in-depth explanation of the social and behavioral problems in question while the quantitative methods have some limitations in this regard. In addition to that, the case study methods allow the researchers to go beyond the quantitative statistical results and understand the behavioral conditions through the actor's perspective. Case study helps explain both the process and outcome of a phenomenon since it includes both quantitative and

qualitative data through complete observation, reconstruction and analysis of the cases under investigation (Tellis, 1997).

This research is an exploratory study of organizations in order to develop organizational resilience enhancement framework. The case study strategy will be suitable for number of reasons. Firstly, the research has a contemporary focus and is looking at the present state of organizations in a current context, and how their past experiences contribute to this present reality. Secondly, the researcher had no degree of behavioral control over the subjects. A multiple-case study has been favored over a single-case study as the study integrates data from two individual Islamic banks; each bank has been studied in its own context. The information from each bank has been collated.

The Arab Islamic Bank (AIB) and Palestine Islamic Bank (PIB) have been selected to represent the greatest variability in organization size, type and services. The reason for this diversity is to explore the proposition that there would be common components of resilience observable across all organizations. It's worth mention that the AIB and PIB are the only Islamic banks in Palestine.

3.4 Strategy of Research

Research strategy is a wide method that describes how the researcher will go about answering the research questions of the study. The researcher should specify the sources from which he intends to collect data

and considers the constraints that the researcher will inevitably have such as access to data, time, location, money and ethical issues (Thornhill et al., 2003). Furthermore, the researcher should determine data collection approaches and tools, in addition to the purpose of data to achieve the final goals of the study.

This research followed the exploratory technique through a case study research methodology using mixed methods tools. In order to answer the research questions in this study, the researcher adopted three phases plan: the first phase is a preliminary study in order to understand current organizational resilience of Islamic banking sector in Palestine using qualitative methods. The second phase is prospective resilience development in order to explore an enhancement framework for organizational resilience by hearing from banking experts in Palestine about this sector, to learn from their experience how to enhance the overall organizational resilience. The third phase is a measurement of the level of resilience in the Islamic banking sector in Palestine by using quantitative resilience benchmark tool. The research project chart is shown in the following Figure 5.
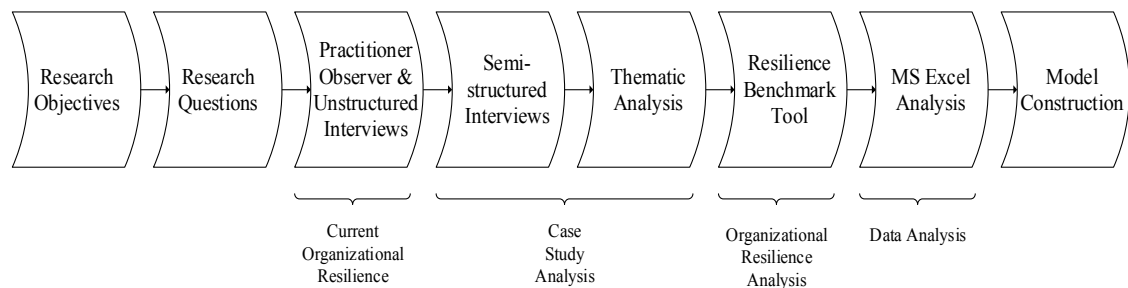
Figure (5): Research Project Chart

As tools and methods to achieve the above strategy, the following data collection tools have been used. The first phase of the project includes both of observation and unstructured interviews (preliminary study). The second phase was semi-structured interviews with nominated banking experts (exploring study). The final phase of the project was a resilience benchmark tool that targeting the managers (assessments study) and the following section includes a brief description about these tools.

3.5 Data Collection

3.5.1 Data Collection Tools

There are many tools that could be used in order to accomplish data collection of research study. However, the following three tools are used in this study: participant observer, semi-structured interviews, and resilience benchmark tool.

3.5.1.1 Participant Observer

Participant observation includes interacting and engaging with people and their activities in addition to observing them closely (Spradley 1980). Participant observation is one of two conventional methods of data collection in qualitative research; the second method is interviews (DeVos et al., 2005). Moreover, participant observation is a fundamental and primary method to any research study, but the involvement of participant observation can vary from complete observation to complete involvement (DeVos et al., 2005). Participant observation has some advantages it

provides a rich and detail description of the phenomena, and provides opportunities for observing or participating in unscheduled events (DeMunck and Sobo, 1998). On the other hand, participant observation has some disadvantages compared with other methods. The researchers may gain different understandings of what they observe, according to the key informant used in the study; and additionally, researchers are usually biased toward what happens within the public eye (DeMunck and Sobo, 1998).

Gold (1958) was the first author to identify four roles of the participant observer: the complete participant, participant as observer, observer as participant, and complete observer. In this study, the researcher's role is a complete observer. The researcher is an employee in Global Communities (formerly CHF International) is an international non-profit organization that works closely with communities worldwide to bring about sustainable changes that improve the lives and livelihoods of the most vulnerable. The researcher has more than five years of experience in institutional development including risk management and emergency planning. Such experience qualifies the researcher with required knowledge to describe the current situation of organizational resilience in Palestine.

On the other hand, and for the purpose of knowing other opinions, informal interviews have been conducted with five participants selected from four companies that specialized in managerial consultation, emergency and risk management, two of the five participants having changed their company during the last five years. As a result of open

discussion during informal interviews, an empirical view of current practices of organizational resilience in Palestinian banking sector has been cleared and completed.

3.5.1.2 Semi-structured Interviews

One of the most popular methods for qualitative research is interviews. They provide in-depth information pertaining to experience of participants and viewpoints of a particular topic (Turner, 2010). Interviews are a systematic way to obtain data from individuals or small groups through conversations, either face-to-face or by phone. However, there are various forms of audience design to obtain thorough, rich data utilizing a qualitative investigational perspective (Creswell, 2007). According to Gall et al., (2003) there are three formats for interview design: informal conversational interview (unstructured interview), general interview guide approach (semi-structured interview), and standardized open-ended interview (structured interview).

For the exploration phase of this study, the researcher used semi-structured interviews with the sample from the banking sector. The sample contains twenty experts holding senior management positions from four different Palestinian Islamic and commercial banks. Eleven out of the twenty were called for an interview, and the other nine were kept as standbys, and only eight experts accepted the invitation. Two experts who had accepted the invitation had apologized later on after reviewing the questions because of the restriction polices within their bank. As a result,

the researcher conducted six successful interviews. Then, the researcher called the standby experts for an interview. Five of the ten experts accepted the invitation, and interviews had been passed to make total of eleven successful interviews.

All successful semi-structure interviews have been face-to-face meeting held in their offices for a round forty to sixty minutes. At the beginning, they were asked for permission about recording of the meeting. All of them accepted. Thus, all the interviews have been recorded using a mobile phone (Samsung Galaxy Note 3 LTE). Later on, the interviews have been uploaded in unified form that will be used for the analysis part of the study.

3.5.1.3 Resilience Benchmark Tool

The New Zealand Resilient Organizations (ResOrgs) developed a Resilience Benchmark Tool (RBT) that can be used to support resilience initiatives. It is also a tool for improving the organization understanding of resilience and its impact on organization performance. In addition to that, the tool allows the organization to benchmark other organizations within the same sector thus, providing the organization with a self-analysis of resilience strengths and weaknesses in order to enhance their overall organizational resilience (ResOrgs, 2012).

The tool consists of thirty-eight closed-ended questions to measure the three interdependent attributes of organizational resilience: Leadership and Culture, Networks and Change Ready. Leadership and culture attribute

have five indicators (leadership, staff engagement, situation awareness, decision-making, and innovation and creativity). On the other hand, four indicators fall under the network attribute (effective partnerships, leveraging knowledge, breaking silos and internal resources). Another four indicators fall under the change ready attribute (unity of purpose, proactive posture, planning strategies and stress testing plans). The participants were asked to give one answer for each question, the answer was to choose a number from 5 to 1, with 1 representing Don't Know, 2-strongly disagree, 3-disagree, 4-agree and 5 strongly agree. The sample size for this research is 16 which represent the senior managers in the two studded banks (ResOrgs, 2012).

The tool has been shared with two senior managers in Islamic banks and two experts working in Managerial Consultation companies for their judgment to see if it's applicable within the Palestinian Islamic banking context. The experts assure that the tool is applicable with no comments on its questions, they have consensus that the tool questions have been designed in a general manner.

After that, the questions of the scale have been translated from English to Arabic by the researcher and reviewed by interpreter, then published by Google Documents as an online survey. Later on, the survey was announced by internet through Google Documents web-page, for four weeks during August, 2014. As a result, 2 successful tools have been filled. The related data has been downloaded from Google, and was filled in MS Excel for analysis part of this research.

3.6 Data Analysis

The analysis process started after data collection of each phase, according to the plan of this study. There are several interrelated procedures that could be performed in order to summarize and rearrange the data during the data analysis stage (Zikmund, 2000). Statistical calculations and thematic analysis are used to handle both of quantitative and qualitative data.

In order to analyze the quantitative data of assessment phase of this study according to the resilience benchmark tool, the researcher attempted to calculate the averages that are related to the three organizational resilience attributes for each indicator of organizational resilience indicators. This could be accomplished by using MS Excel and the raw data of questionnaire survey (thirty-eight questions represents thirteen-indicators of organizational resilience), the result of averages indicating the level of organizational resilience.

For the qualitative data of exploring phase of this study, thematic analysis has been used to analyze semi-structure interviews based on the work of Boyatzis (1998) and Braun and Clarke (2006). According to them, thematic analysis is a qualitative analytic method for identifying, analyzing and reporting patterns "themes" within data; at least, it organizes and describes the data set in detail to make a sense, but usually goes further than that to interpret various aspects of the phenomenon (Boyatzis, 1998; Braun and Clarke, 2006). Considering the thematic analysis, it "is not

another qualitative method but a process that can be used with most, if not all, qualitative methods" (Boyatzis, 1998). Thematic analysis is a flexible and uncomplicated technique that allows the use of theoretical frameworks and also to generate new insights as a compound of deductive and inductive analyses.

In the guidelines for conducting thematic analysis made by Braun and Clarke (2006), the initial step is to become familiar with the data by multiple readings of raw data, the next is to generate initial codes of raw data , and then abstract the codes by gathering codes, which have similar meaning. The next step is integrating codes into themes or what constitutes as a "pattern", and finally to validate the chosen themes by building a valid argument, this could be done by referring to related literature.

In this part of this study, the initial step was listening and reviewing the audio recording and notes taken during the interviews and transcribing them into a unified structure as a raw data for the following stage.

Carefully, the researcher read each transcribed interview. The next step is coding of data by ascribing each sentence a code that described the main essence of it, and later collected similar codes into mother codes. The final stage was integrating codes into themes by checking codes relations and theoretical understanding and background. Generally, the analysis of this study represents both inductive and deductive analysis, meaning that it recognized the relationship between theoretical understanding and the nature of data.

3.7 Data Reliability and Validity

In order to use the RBT the researcher contacted the Resilient Organizations Research Programme for a prior permission. Recapping the benchmark part of the empirical data, the thirty-eight questions of the RBT were published online using Google Documents. The RBT was tested to find out whether the tool was easily understandable in terms of communication or view and if there were any vague and confusing questions. Three participants were asked to answer the tool in the presence of the researcher, and there were no comments have been reported.

Later on, the tool was published via Google Documents and the link was sent to senior manager through the contact person in each bank. Thus, respondents represent the senior manager in the two banks. After a week, the contact person in each bank contacted the researcher to inform him that the majority of the questions in the tool need to be presented to all senior managers in order to understand them and gain common understanding on each indicator and question. Based on the new issue, the researcher contacted the supervisor and agreed to conduct one focus group for senior managers in each bank and one tool shall be enough in each bank. A week later, two focus groups were conducted at least eight senior managers attended each focus group.

The RBT has been developed by the Resilient Organizations research programme at the University of Canterbury in New Zealand. In order to check the validity of this tool with Palestinian context, four Palestinian

experts in the areas of banking, risk management, institutional development have been asked to evaluate the tool before the implantation phase. The experts reported no comments on the tool and it is valid to be implemented in the Palestinian Islamic banks.

In terms of qualitative data by semi structure interviews, thematic analysis was selected in order to analyze the data based on the guidelines of Braun and Clarke (2006), thus, enough number of interviews should be conducted in order to get valid result, according to McCracken (1988), at least eight successful interviews are required for thematic analysis.

3.7 Framework Validity

For the purpose of research result validation, the researcher returned back to experts from Palestine to evaluate the proposed framework for enhancing the organizational resilience and how it is suitable for Islamic banks in Palestine. Four experts have been selected for this purpose; two of them were among the elven experts whom met during the prospective analysis.

The experts accepted the explored framework, and mentioned that it is suitable for the Islamic banks in Palestine. They added that it is easy to be understood and flexible to accommodate ambitions. Moreover, they were satisfied since the proposed framework considers the business continuity, stress testing and the special environment in Palestine.

Chapter Four

Data Analysis

Chapter Four
Data Analysis

4.1 Chapter Overview

Data analysis is a division of data into meaningful parts, and then a manipulation of these parts together to get descriptions, empirical generalizations or theoretical conclusions (Gronfors, 1982). After representing the data collected in the previous chapter, the researcher analyzes these data in this chapter.

This chapter consists of three sections that represent the research strategy of this study: current organizational resilience, prospective organizational resilience analysis and resilience benchmark tool analysis. Different analysis tools have been adopted for each part of the study, and the outputs of the three parts complement each other to achieve the main proposes of this study. Through reviewing this chapter, the reader will notice in the first section that Palestinian Islamic banks have implemented some activities related to risk management. However, he will see in the second section that the current risk management concepts are still immature, and resilience benchmark analysis showed that Islamic banks have an excellent resilience score in leadership, staff engagement and situation awareness indicators. On the other hand, proactive posture, decision making, innovation and creativity, internal resources, unity of purpose, planning strategies, stress testing plans indicators scored a good resilience result. While, effective partnerships, leveraging knowledge and breaking silos indicators resulted in a fair resilience score. In the third

section, the reader will recognize the recommendations and suggestions of bank experts for enhancing organizational resilience in Palestinian Islamic banks.

4.2 Current Organizational Resilience

It is clarified before that the initial phase of this research is a preliminary study aiming to describe the current situation of organizational resilience in the Islamic banking sector in Palestine. The author adopted two tools to collect qualitative data, these being informal interviews and participant observation.

For the informal interviews (unstructured), five participants selected from four companies that specialized in managerial consultation, emergency and risk management, two of the five participants having changed their company during the last five years. The second tool was practitioner observation by the researcher himself, who is an employee in Global Communities (formerly CHF International), is an international non-profit organization that works closely with communities worldwide to bring about sustainable changes that improve the lives and livelihoods of the most vulnerable. The researcher has more than five years of experience in institutional development including risk management and emergency planning.

4.3 Prospective Organizational Resilience Analysis

The second phase of this study was to get feedback from bank experts in Palestine regarding this sector, and to learn from their experience

how to enhance organizational resilience; thus, exploring a framework for enhancing organizational resilience. In this research, semi-structured interviews were conducted with subjects who had experienced in banking sector and risk management activities. The type of the interviews were 'one-to-one' type, one participant only was interviewed at a time and they were given the required time to explain in details their responsibilities, roles and experiences. Despite the fact that this type of interviews was time consuming (Tashakkori and Teddlie, 1998), it was chosen due to the availability of professional participants who were not reluctant to speak about their experiences (Easterby-Smith et al., 2002; Creswell, 2004).

The risk management manager provided entrance to the bank, helped in locating people and assisted in the interviews setting. He also pointed out the importance of interviewing the internal audit manager and himself as sources of information that would help to understanding the risk management implementation process. In total, eleven semi-structured interviews were conducted at which point no significant new information was achievable from extra interviews. This was in line with McCracken (1988) who found that in order to produce perceptive themes from semi-structured interviews eight interviewees are needed. The interviewees included a member from the board of directors, regional manager, risk management department manager, internal audit department manager, human resource management department manager, finance department manager, Al-Bireh branch manager and Al-Masyoun branch manager.

Since the interviews were to be conducted with senior and professional managers semi-structured interviews were found to be of particular appropriateness for this research. A precise step-by-step understanding of their personal attitude, behavior and decision-making styles and patterns was required (Tull and Hawkins, 1993). To help in following major concepts in the conversations about organizational resilience a simple guiding protocol was used as a backup. During the interviews, a high level of freedom to develop questions that are relevant at the time of interview was used. The questions were of open-ended natures which allow detailed exploring of the implementation process (Creswell, 2004; Yin, 2009). In order to remove the sense of anxiety and discomfort and before using the audio tape to record the interviews every interviewee was asked whether he/she have any problem for using the audio tape to record his/her interview. In addition to that a confirmation of information confidentiality and that the collected data would only be used for research purposes was provided. Recording interviews was very helpful in supporting the researcher producing accurate transcripts and allowed for re-listening of interviews to ensure unbiased note taking (Easterby-Smith et al., 2002).

After transcribing the interviews, the 'thematic analysis' approach (Taylor and Bogdan, 1984; Attride-Stirling, 2001) was used to analyze the data. The full process of analysis followed in this research is illustrated in the following three stages:

1. First, in order to shed the light on general leading theoretical topics available the objective of the research and interviewees are studied, this theoretical topics are also called coding schemes (Minichiello et al., 1990), the coding schemes were then used to list a set of words or topics that represent a general meaning of what has been said in the interviews, this is known as the coding framework of interviews analysis (Attride-Stirling, 2001). To illustrate this approach for the current situation the research objective was identified as being "how to enhance organizational resilience in Palestinian Islamic banking sector?". The codes used were hazards found, consequences, manage risk, knowledge, systems, strategy, planning, emergency, leadership, commitment and communication. The benefit of creating such a coding framework is the generation of a list of words which can be linked into common categories during analysis (Minichiello et al., 1990).

2. Hearing the interviews several time, reading again through the transcript of interviews and coding the content was the second step. In order to facilitate dealing with the data the interviews transcripts were divided into meaningful fragments. Every fragment segment was then given a word or a code that represents the meaning perceived and belongs to the pre-defined coding framework.

3. The third and final step involved revising the divided transcripts to find codes with common basic themes. The underlying structures was identified this was done by careful reading of the coded fragments. This

has allowed for clustering basic themes around more central themes that was used later for interpretations.

The results from the semi-structured interviews were classified into four themes. Table 5 provides a summary of all used codes, basic themes found and the four central themes identified.

Table (5): Summary of Identified Codes, Basic Themes and Central Themes

Codes	Issued discuses	Basic theme	Central theme
• Hazards found	Manipulating Money laundering Fraud Robbery Liquidity risk Turnover and stress Credit risk Employee morale Infrastructure failure Competitors Legal and regulatory risks Reputation Risk Political instability Natural disasters Bad reputation	Justifying risk management • Top management support • Risk management department formulation	• Risk management introduction
‣ Consequences	Customer complaints and loss Financial loss PMA requirements and instructions Insurance coverage Available external aids		
▸ Manage risk	Monitoring and evaluation of internal and external environment for early warning signals Risk management team		
• Knowledge	Staff roles and responsibilities Flexibility in staff roles and responsibilities	• Staff information and	• Capacity building

Codes	Issued discuses	Basic theme	Central theme
• Systems	Staff training Participation in scenario simulation Information systems Documented procedures Systems and procedures implementation	knowledge ˌ Implementati on of systems and procedures	
• Strategy	Vision and mission Articulation and reflection on day-to-day operations Impact during and after crisis	• Role of planning • Identifying, assessment and controlling role	• Planning strategies
• Planning	Strategic planning Business continuity planning Stress testing planning Limited planning integration Limited monitoring and evaluation of polices and plans		
• Emergency	Emergency management plan Emergency excises Continuous evaluation of strategies		
• Leadership	Providing good management example Decision making is seen senior management property during times of crisis		
ˌ Commitment	Limited senior management support to the risk management activities Weak staff empowerment and rewarding system	• Senior management ways of thinking • Senior management involvement • Staff engagement	• Senior management and staff involvement and engagement
ˌ Communicati on	Upwards and downwards communication Effectiveness of communication and relationships Limited communication channels between departments and branches Open-door and closed-door policy		

It was clear from the semi-structured interviews that the risk management is a continuous process due to be basis for strategy setting, improving service delivery, greater competitive advantage, less time spent firefighting and fewer unwelcome surprises, closer internal focus on doing the right things properly, more efficient use of resources and reduced waste and fraud, and better value for money. The four themes emerged from the semi-structured interviews are presented below:

4.3.1 Risk Management Introduction

With this theme aimed at identifying the foundations for the risk management introduction to the Islamic banking sector as a methodology to enhance the overall organizational resilience of the Islamic banking sector. The prevalent feeling was that a strong need for certain foundations to be in place in order for the organizational resilience implementation to be initiated. Three main foundations emerged froth the semi-structured interviews that are discussed below.

4.3.1.1 Leadership/ top management commitment

It was recognized by interviewees that it is must to have committed and effective leadership that could inspire, motivate and create enthusiasm among staff in order to support the risk management concept especially in the implementation phase. The responsibility of this leadership is to play the role of 'a new way of thinking' sponsor. They must be prepared to address the reasons that necessitate migration from the mechanistic organization design. The interviewees viewed that communicate what is

risk management, what is it like to implement it, and what are the expected results at all levels as the corner stone for the implementation process success.

4.3.1.2 Risk management justification

The interviewees identified the following reasons as central to justify risk management to employees and senior management:

- Generally, senior staff are making the decisions, not the most qualified people.

- The adapted risk management concept and its related activities is still immature.

- Limited monitoring and evaluation for stress testing plans and business continuity plans.

- Weak staff empowerment and rewarding system to use their knowledge in novel ways to solve new and existing problems.

- Limited communication channels between departments and branches that hampered information sharing and thus service quality.

Clarification of these issues was regarded by interviewees as a major step towards creating curiosity among senior management.

4.3.1.2 Risk management department formulation

A well-established risk management department with its own policies and procedures to be developed by risk experts who have the

training and experience was seen by interviewees as a primary requirement of the leadership efforts to communicate risk management. Most interviewees also pinpoint the importance of the compliance and internal audit department in risk management activities.

4.3.2 Capacity Building

The second theme is centered on the capacity building of the bank staff especially in risk management. Interviewees pointed out the importance of information and knowledge for human resource development especially in the field of risk management, it will equip them with the understanding, skills and access to information, knowledge and training that enables them to perform risk management activities effectively. They also pointed out that critical information is stored in a number of formats and locations and the staff should have access to these information in addition to have access to expert opinions when needed. They also emphasis on the importance of roles sharing and training so that someone will always be able to fill key roles. Interviewees also emphasis on the importance of staff encouragement and rewarding for using their knowledge in novel ways to solve new and existing problems, and for utilizing innovative and creative approaches to developing solutions. They also pointed out the importance of adopting rewarding system for "thinking outside of the box".

Systems and procedures form the basis for processes implementation. The interviewees pointed out that the banks have wide

systems and procedures but some of these system and procedures have not been reviewed or updated since they developed. Furthermore, the system and procedures needs close follow-up and continuous monitoring and evaluation to ensure they are implemented successfully in the right manner. Regarding the staff feeling about using these system and procedures, most of the interviewees pointed out that the staff feels convince for using these systems and procedures since they were part of the team that developed these procedures.

4.3.3 Planning Strategies

Planning is a basic management function involving formulation of one or more detailed plans to achieve optimum balance of needs or demands with the available resources. The planning process identifies the goals or objectives to be achieved, formulates strategies to achieve them, arranges or creates the means required, and implements, directs, and monitors all steps in their proper sequence. The interviewees pointed out the importance of strategic plan, business continuity plan and stress testing plan in enhancing the overall risk management practices in the banks. They also empathize on the importance of development of a risk management strategy to be aligned with the bank strategy. On the other hand, the interviewees were not satisfied with the current monitoring and evaluation mechanism for following-up and updating the plans, they suggested that a monitoring and evolution procedures should be developed and implemented.

Identifying, assessment and controlling form the basis for risk management concept. The interviews pointed out the importance of identify all hazards in their department or undertake a risk assessment on a specific task/activity. While risk assessment is the process of looking for hazards that have the potential to harm people, in the objects being used, work environment and/or work processes adopted. Some risks are visible; others are only evident and able to be understood when a work task is observed. Managers need to make sure that the risks are reduced so far as is 'reasonably practicable', and ask what more can be done to control the risk.

4.3.4 Senior Management and Staff Engagement

This theme is centered on the engagement and involvement of senior manager as well as the staff in risk management activities. A few senior managers were directly involved as a member in risk management committee other senior management were not involved from the earliest stages. In an ideal situation all stakeholders should be involved from the beginning. It was recognized that there is a significant need to convince senior managers and employees at operational level especially whom not directly involved in risk management about the concept, importance and benefits of risk management this is could be done through a demonstration of results.

Interviewees were asked about the senior management reactions to the risk management initiative and how they would characterize the senior management reactions to it. When risk management was first introduced in

the bank, head office senior management and other departmental managers were somewhat unsure as to its benefits. Interviewees revealed that this skepticism was due to the belief among managers that risk management is just another requirement from PMA.

A second issue is the difficulty in quantifying the impact of risk management, this contributed to certain managers lack of support for the project. Typically, management relies on statistics and numbers to evaluate success in the work place. Interviewees indicated that they felt certain managers saw risk management as limited to being yet another service initiative and did not recognize that it was a way for enhancing the bank ability to survive a crisis and even thrive.

A third issue is the limited staff engagement and involvement in risk management activities. Interviewees pointed out that there is a poor engagement and involvement of staff in decision-making process in crisis. The interviewees also pointed out that the staff needs to be empowered to use their skills to solve problems.

4.4 Resilience Benchmark Analysis

After the completion of the phase of understanding the current organizational resilience in the Islamic banking sector in Palestine, the next step was to measure the resilience of the Islamic banks by using qualitative benchmark tool, to monitor progress over time, and to compare resilience strengths and weaknesses against other organizations within their sector or of a similar size. The author adopted the Resilience Benchmark Tool

(RBT) that has been developed by the Resilient Organizations research programme at the University of Canterbury in New Zealand for conducting the quantitative part of the study (ResOrgs, 2012). The tool (Annexed) consists of thirty-eight closed-ended questions to measure the three interdependent attributes of organizational resilience: Leadership and Culture, Networks and Change Ready. The participant filled his/her expectation and perception of each question using a five points scale to rate their level of agreement or disagreement (1-don't know, 2-strongly disagree, 3-disagree, 4-agree and 5 strongly agree).

The RBT consists of three interdependent attributes (1) Leadership and Culture; (2) Networks and (3) Change Ready that build Business as Usual (BAU) effectiveness as well as robust and agile response and recovery from crises. Table 6 shows the organizational resilience score boundaries, these boundaries were developed as relative levels to help organizations gauge or benchmark their resilience scores in relation to the others that took part.

Table (6): Organizational Resilience Score Boundaries

Boundary	Score
Excellent	81-100%
Good	73-80%
Fair	57-72%
Poor	49-56%
Very Poor	0-48%

(Stephenson, 2010)

During the analysis it is noted that some of the indicators mainly leadership, staff engagement, effective partnerships, internal resources, and

unity of purpose have the same resilience benchmark average, this due to the fact that the Palestinian banks should be committed to PMA obligations and instructions regarding the risk management procedures, practices and activities including the procedures for managing their internal resources and the implementation of Basel II accords, in addition to that PMA conducted several training workshops for the risk management team in PIB and AIB so that they have a mutual information and knowledge. Furthermore, PIB and AIB implement the same risk management software; they have interchanged seven senior managers so they almost share the same experience and culture."

4.4.1 Leadership and Culture

There are five indicators of organizational resilience that fall under the Leadership and Culture attribute and these are Leadership, Staff Engagement, Situation Awareness, Decision Making, and Innovation and Creativity.

4.4.1.1 Leadership

The two banks showed excellent benchmark result regarding the leadership indicator with average of 4.3 (86%), the highest score (5.0) was for "Staff are confident that management would provide good leadership if our organization was struck by a crisis and "In a crisis, staff accept that management may need to make some decisions with little consultation with the same". Table 7 shows the benchmark result for leadership indicator.

Table (7): Benchmark Result for Leadership Indicator

Statement	AIB	PIB	AVG
Staff are confident that management would provide good leadership if our organization was struck by a crisis	5.0	5.0	5.0
In a crisis, staff accept that management may need to make some decisions with little consultation	5.0	5.0	5.0
Our managers monitor staff workloads and reduce them when they become excessive	4.0	4.0	4.0
Our management think and act strategically to ensure that we are always ahead of the curve	4.0	4.0	4.0
Management in our organization lead by example	4.0	4.0	4.0
Our organization regularly revaluates what it is we are trying to achieve	4.0	4.0	4.0
Leadership	**4.3**	**4.3**	**4.3**

4.4.1.2 Staff Engagement

The two banks showed excellent benchmark result for staff engagement indicator with average of 4.6 (92%). The highest score (5.0) was for "People in our organization feel responsible for the organization's effectiveness" and "Staff know what they need to do to respond to a crisis", while the lowest score (4.0) was for "Our organization's culture is to be very supportive of staff during times of crisis". Table 8 shows the benchmark result for staff engagement indicator.

Table (8): Benchmark Result for Staff Engagement Indicator

Statement	AIB	PIB	AVG
People in our organization feel responsible for the organization's effectiveness	5.0	5.0	5.0
People in our organization "own" a problem until it is resolved	5.0	4.0	4.5
Our organization's culture is to be very supportive of staff during times of crisis	4.0	4.0	4.0
Our organization has high staff morale	4.0	5.0	4.5
Staff know what they need to do to respond to a crisis	5.0	5.0	5.0
Staff Engagement	**4.6**	**4.6**	**4.6**

4.4.1.3 Situation Awareness

The benchmark result for situation awareness showed that the two banks has an excellent average 4.5 (91%), the table below shows that PIB is slightly higher than AIB with average of 4.6 (92%) and 4.5 (90%) respectively. The highest score (5.0) was for "We proactively monitor what is happening inside and outside our industry to have an early warning of emerging issues", "We learn lessons from past projects and make sure those lessons are carried through to future projects" and "Staff feel able to raise problems with senior management", while the lowest score (4.0) was for "Staff interact often enough to know what's going on in our organization" and "Managers actively listen for problems". Table 9 shows the benchmark result for situation awareness indicator

Table (9): Benchmark Result for Situation Awareness Indicator

Statement	AIB	PIB	AVG
We proactively monitor what is happening inside and outside our industry to have an early warning of emerging issues	5.0	5.0	5.0
We learn lessons from past projects and make sure those lessons are carried through to future projects	5.0	5.0	5.0
Staff interact often enough to know what's going on in our organization	4.0	4.0	4.0
Managers actively listen for problems	4.0	4.0	4.0
We are mindful of how the success of one area of our organization depends on the success of another	4.0	5.0	4.5
Staff feel able to raise problems with senior management	5.0	5.0	5.0
Situation Awareness	**4.5**	**4.6**	**4.5**

The two banks provide the same answers for the overall highest risks facing their organization, which are employee's morale, loss of critical

services (electricity, water, gas, telecommunications, etc.), financial crisis, severe weather, fraud and political instability.

4.4.1.4 Decision Making

In the decision making indicator the two banks showed a good benchmark score with average of 3.8 (76%). From the table below PIB has a good average 4.0 (80%) while AIB has a fair average 3.6 (72%). The highest score (4.0) was for "Our organization can make tough decisions quickly" and "In our organization, the most qualified people make decisions, regardless of seniority", while the lowest score (3.5) was for "Should problems occur, staff have direct access to someone with authority to make decisions". The difference in the innovation and creativity benchmark between the two banks resulted from if staff have direct access to someone with authority to make decisions when a problems occur, PIB staff have a direct access to someone with authority to make decisions on the other hand AIB staff have a limited access. Table 10 shows the benchmark result for decision-making indicator.

Table (10): Benchmark Result for Decision Making Indicator

Statement	AIB	PIB	AVG
Should problems occur, staff have direct access to someone with authority to make decisions	3.0	4.0	3.5
Our organization can make tough decisions quickly	4.0	4.0	4.0
In our organization, the most qualified people make decisions, regardless of seniority	4.0	4.0	4.0
Decision Making	**3.6**	**4.0**	**3.8**

4.4.1.5 Innovation and Creativity

Table 11 shows that the two banks have a good benchmark score for innovation and creativity indicator with average of 3.8 (76%). AIB has a good average with 4.0 (80%) while PIB has a fair average with 3.6 (72%). The highest score (4.0) was for "Staff are actively encouraged to challenge and develop themselves through their work" and "We are known for our ability to use knowledge in novel ways" while the lowest score (3.5) was for "Staff are rewarded for -thinking outside of the box-". The difference in scores refers for staff rewarding for thinking outside of the box, AIB staff are from time to time be rewarded while PIB rarely rewarded for thinking outside of the box.

Table (11): Benchmark Result for Innovation and Creativity Indicator

Statement	AIB	PIB	AVG
Staff are actively encouraged to challenge and develop themselves through their work	4.0	4.0	4.0
We are known for our ability to use knowledge in novel ways	4.0	4.0	4.0
Staff are rewarded for "thinking outside of the box"	4.0	3.0	3.5
Innovation and Creativity	**4.0**	**3.6**	**3.8**

The overall resilience benchmark for leadership and culture attribute for the two banks scored an excellent result with average of 4.2 (84%). Despite that, none of the two banks were found to be outstanding in this attribute, showing that there is room for improvement for the two banks. The differences between the two banks lie in the comparison of the five indicators shown in Figure 6. The indicators with the greatest similarity between the two banks are mostly in leadership and staff engagement. The

situation awareness indicator also reflected in a small difference between the two banks. The largest differences were in decision-making and innovation and creativity indicators.
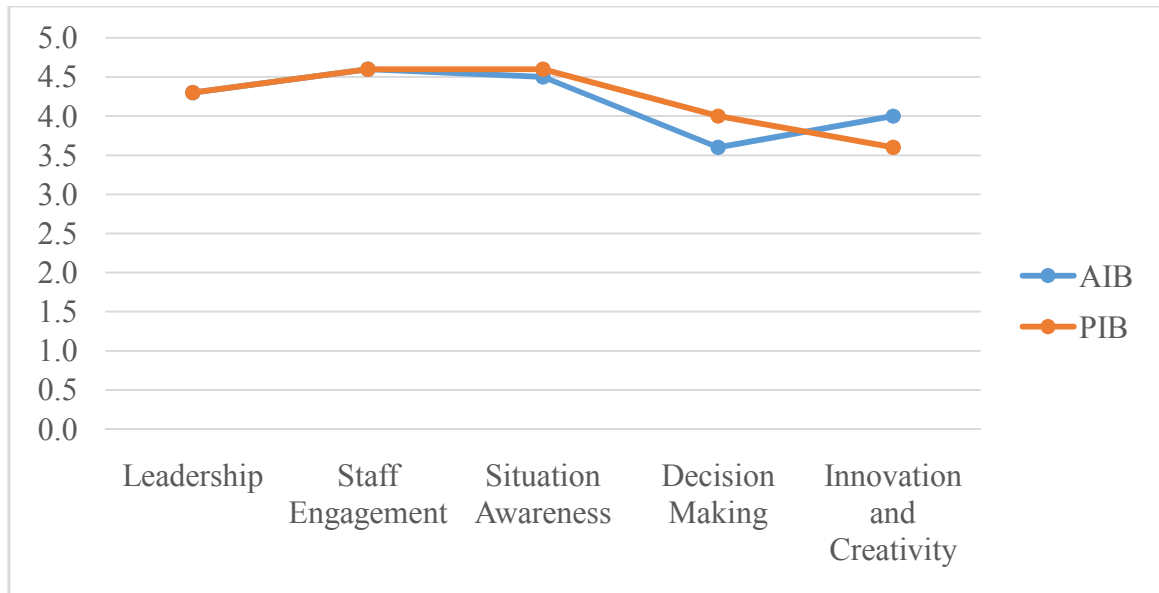
Figure (6): Comparison of the Five Indicators in Leadership and Culture Attribute for AIB and PIB

4.4.2 Network

There are four organizational resilience indicators that fall under the Network attribute and these are Effective Partnerships, Leveraging Knowledge, Breaking Silos and Internal Resources.

4.4.2.1 Effective Partnerships

The resilience benchmark for effective partnership indicator for the two banks resulted in fair with average of 3.6 (72%). Form the table below it is noted that AIB and PIB have the same average 3.6 (72%). The highest score (4.0) was for "We understand how we are connected to other organizations and actively manage those links", while the lowest score was

for "In a crisis, we have agreements with other organizations to access resources from them". Table 12 shows the benchmark result for effective partnership indicator.

Table (12): Benchmark Result for Effective Partnership Indicator

Statement	AIB	PIB	AVG
In a crisis, we have agreements with other organizations to access resources from them	3.0	3.0	3.0
We have planned for what support we could provide to the community in a crisis	4.0	4.0	4.0
We build relationships with organizations we might have to work with in a crisis	3.0	3.0	3.0
We understand how we are connected to other organizations and actively manage those links	4.0	4.0	4.0
We understand how Government actions would affect our ability to respond in a crisis	4.0	4.0	4.0
Effective Partnerships	**3.6**	**3.6**	**3.6**

4.4.2.2 Leveraging Knowledge

Leveraging knowledge indicator also resulted in fair with average of 3.6 (72%). AIB has a good benchmark result with average of 3.8 (76%), while PIB has a fair benchmark result with average of 3.4 (68%). The highest score (4.0) was for "Staff have the information and knowledge they need to respond to unexpected problems"; while the lowest score (2.5) was for "We readily obtain expert assistance when there's a problem". The difference in average between the two banks return to obtaining expert assistance when there is a problem and the availability of replacement if key people were unavailable, AIB rarely readily obtain expert assistance when there's a problem and mostly there are others who could fill their role, while PIB doesn't readily obtain expert assistance when there's a

problem also if key people were unavailable, there are no others who could fill their role. Table 13 shows the benchmark result for leveraging knowledge indicator.

Table (13): Benchmark Result for Leveraging Knowledge Indicator

Statement	AIB	PIB	AVG
Staff have the information and knowledge they need to respond to unexpected problems	4.0	4.0	4.0
If something out of the ordinary happens, staff know who has the expertise to respond	4.0	4.0	4.0
Critical information is available by different means and from different locations	4.0	4.0	4.0
If key people were unavailable, there are always others who could fill their role	4.0	3.0	3.5
We readily obtain expert assistance when there's a problem	3.0	2.0	2.5
Leveraging Knowledge	**3.8**	**3.4**	**3.6**

4.4.2.3 Breaking Silos

The benchmark result for breaking silos was fair with an average of 3.2 (65%). AIB scored a higher average than PIB with 3.5 (70%) and 3.0 (60%) respectively, despite that the two banks have a fair benchmark result. The highest score (4.0) was for "We work with others regardless of departmental or organizational boundaries, to get the job done", while the lowest score (2.5) was for "There are few barriers stopping us from working well with each other and with other organizations". Table 14 shows the benchmark result for breaking silos knowledge indicator.

Table (14): Benchmark Result for Breaking Silos Indicator

Statement	AIB	PIB	AVG
Staff are encouraged to move between different departments or try different roles to gain experience	3.0	3.0	3.0
There is a sense of teamwork and camaraderie in our organization	4.0	3.0	3.5
There are few barriers stopping us from working well with each other and with other organizations	3.0	2.0	2.5
We work with others regardless of departmental or organizational boundaries, to get the job done	4.0	4.0	4.0
Breaking Silos	**3.5**	**3.0**	**3.2**

4.4.2.4 Internal Resources

The fourth and last indicator in network attribute is internal resources, the benchmark result was good with average of 4.0 (80%). From the table below it is noted that AIB and PIB have the same average 4.0 (80%). Table 15 shows the benchmark result for internal resources silos knowledge indicator.

Table (15): Benchmark Result for Internal Resources Indicator

Statement	AIB	PIB	AVG
We have sufficient internal resources to operate successfully during business as usual	4.0	4.0	4.0
Our organization maintains sufficient resources to absorb some unexpected change	4.0	4.0	4.0
When a problem occurs, it is easier to get approval for additional resources to get the job done	4.0	4.0	4.0
Internal Resources	**4.0**	**4.0**	**4.0**

The overall resilience benchmark for network attribute for the two banks scored a good result with average of 3.6 (72%). Despite that, none of the two banks were found to be outstanding in this attribute, showing that

there is room for improvement for the two banks. The differences between the two banks lie in the comparison of the fourth indicators shown in Figure 7. The indicators with the greatest similarity between the two banks are mostly in effective partnership and internal resources. The largest difference was in leveraging knowledge and breaking silos indicators.
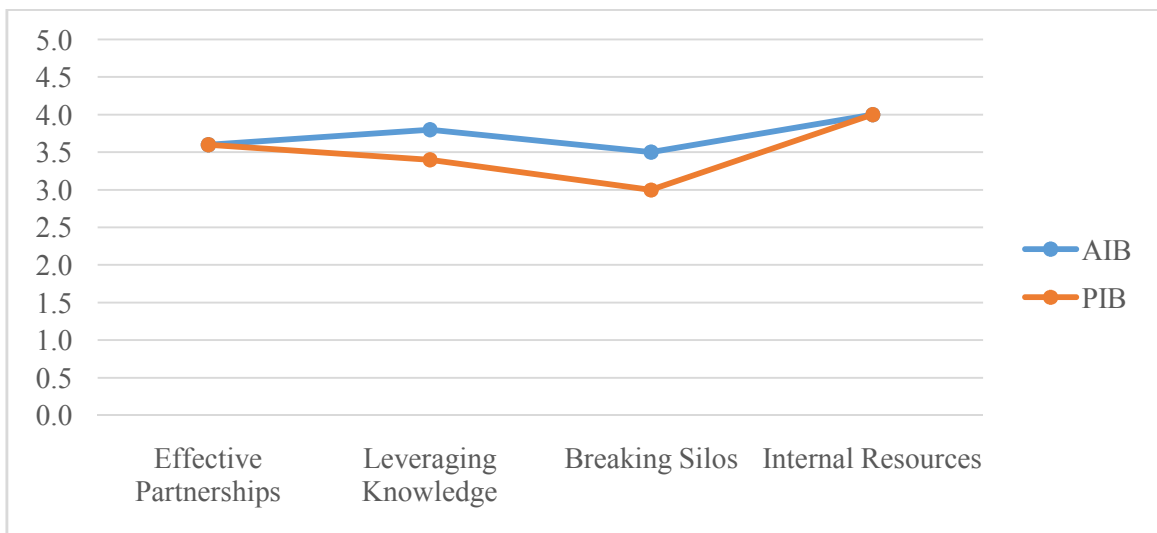
Figure (7): Comparison of the Four Indicators in Network Attribute for AIB and PIB

4.4.3 Change Ready

Change Ready is the third and the last attribute in the RBT. There are four indicators that fall under this attribute and these are Unity of Purpose, Proactive Posture, Planning Strategies, and Stress Testing Plans.

4.4.3.1 Unity of Purpose

The first indicator in change ready attribute is unity of purpose, the benchmark result was good with average of 4.0 (80%). From the table below it is noted that AIB and PIB have the same average 4.0 (80%). Table 16 shows the benchmark result for unity of purpose indicator.

Table (16): Benchmark Result for Unity of Purpose Indicator

Statement	AIB	PIB	AVG
We have clearly defined priorities for what is important during and after a crisis	4.0	4.0	4.0
Our priorities for recovery would be sufficient to provide direction for staff in a crisis	4.0	4.0	4.0
We understand the minimum level of resources our organization needs to operate	4.0	4.0	4.0
We are mindful of how a crisis in our organization would impact others	4.0	4.0	4.0
Our organization consistently demonstrates commitment to its values	4.0	4.0	4.0
Unity of Purpose	**4.0**	**4.0**	**4.0**

4.4.3.2 Proactive Posture

The benchmark result for proactive posture was excellent with an average of 4.0 (80%). PIB scored an excellent benchmark result with slightly higher average 4.1 (82%), while AIB scored a good benchmark result with an average of 4.0 (80%), this due to the fact that PIB is more active in participating in banking industry than AIB, according to Association of Banks in Palestine 2013 factsheet PIB is rated first among the Islamic banks and third among the national local banks in participating in banking sector. The highest score (4.5) was for "We are regarded as an active participant in industry and sector groups". Table 17 shows the benchmark result for breaking silos knowledge indicator.

Table (17): Benchmark Result for Proactive Posture Indicator

Statement	AIB	PIB	AVG
We have a focus on being able to respond to the unexpected	4.0	4.0	4.0
We are able to collaborate with others in our industry to manage unexpected challenges	4.0	4.0	4.0
We are able to shift rapidly from business-as usual to respond to crises	4.0	4.0	4.0
Whenever our organization suffers a close call, we use it for self-evaluation rather than confirmation of our success	4.0	4.0	4.0
We are regarded as an active participant in industry and sector groups	4.0	5.0	4.5
Our organization readily responds to changes in our business environment	4.0	4.0	4.0
In a crisis we seek opportunities for our organization	4.0	4.0	4.0
We tend to be optimistic and find positives from most situations	4.0	4.0	4.0
Proactive Posture	**4.0**	**4.1**	**4.0**

4.4.3.3 Planning Strategies

The benchmark result for planning strategies indicator was good with an average of 3.9 (78%). AIB scored an excellent benchmark result with higher average 4.1 (82%), while PIB scored a good benchmark result with an average of 3.7 (74%), this mainly because PIB does not plan their strategy carefully before taking action. The highest score (5.0) was for "We are mindful of how a crisis could affect us"; while the lowest score (3.5) was for "We actively plan with our suppliers how to manage disruptions". Table 18 shows the benchmark result of planning strategies indicator.

Table (18): Benchmark Result for Planning Strategies Indicator

Statement	AIB	PIB	AVG
Our organization plans for the medium and long-term	4.0	4.0	4.0
We plan our strategy carefully before taking action	4.0	3.0	3.5
Given our level of importance to our stakeholders, the way we plan for the unexpected is appropriate	4.0	4.0	4.0
We are mindful of how a crisis could affect us	5.0	5.0	5.0
We actively plan with our suppliers how to manage disruptions	4.0	3.0	3.5
We actively plan with our customers how to manage disruptions	4.0	3.0	3.5
We actively plan how to support our staff during times of crisis	4.0	4.0	4.0
We have a good understanding of how an event impacting the community may impact our ability to respond	4.0	4.0	4.0
Planning Strategies	**4.1**	**3.7**	**3.9**

Regarding the people roles and plans available, the two banks have people who perform risk management, crisis management, emergency management and business continuity roles and they have the business continuity, emergency and crisis plans.

4.4.3.4 Stress Testing Plans

The fourth and final indicator in change ready attribute is stress-testing plans. It scored a good benchmark result with average of 3.9 (78%). AIB scored an excellent benchmark result with higher average 4.1 (82%), while PIB scored a good benchmark result with an average of 3.7 (74%), this mainly because PIB has not done sufficient planning for how disruption to gas might affect them. The highest score (4.5) was for "We believe emergency plans must be practiced and tested to be effective"; while the lowest score (3.0) was for "Our organization has done sufficient

planning for how disruption to gas might affect us". Table 19 shows the benchmark result of planning strategies indicator.

Table (19): Benchmark Result for Stress Testing Plans Indicator

Statement	AIB	PIB	AVG
Our organization has done sufficient planning for how disruption to communications might affect us	4.0	4.0	4.0
Our organization has done sufficient planning for how disruption to information technology might affect us	4.0	4.0	4.0
Our organization has done sufficient planning for how disruption to electricity might affect us	4.0	4.0	4.0
Our organization has done sufficient planning for how disruption to gas might affect us	4.0	2.0	3.0
Our organization has done sufficient planning for how disruption to transport networks might affect us	4.0	4.0	4.0
Our organization has done sufficient planning for how disruption to water might affect us	4.0	4.0	4.0
We believe emergency plans must be practiced and tested to be effective	5.0	4.0	4.5
Staff can take time from their day to day roles to practice how to respond in a crisis	4.0	4.0	4.0
Stress Testing Plans	**4.1**	**3.7**	**3.9**

Regarding the regularly of rehearsing and testing their plans, the two banks rehearsing and testing their business continuity plan twice a year, while emergency and crisis plans rehearsing and testing annually.

The resilience benchmark for change ready attribute for the two banks scored a good result with average of 4.0 (79%). Despite that, none of the two banks were found to be outstanding in this attribute, showing that there is room for improvement for the two banks. The differences between the two banks lie in the comparison of the fourth indicators shown in Figure 8. The indicator with the greatest similarity between the two banks

is in unity of purpose. The proactive posture indicator also reflected in a small difference between the two banks. The largest difference was in planning strategies and stress testing plans indicators.
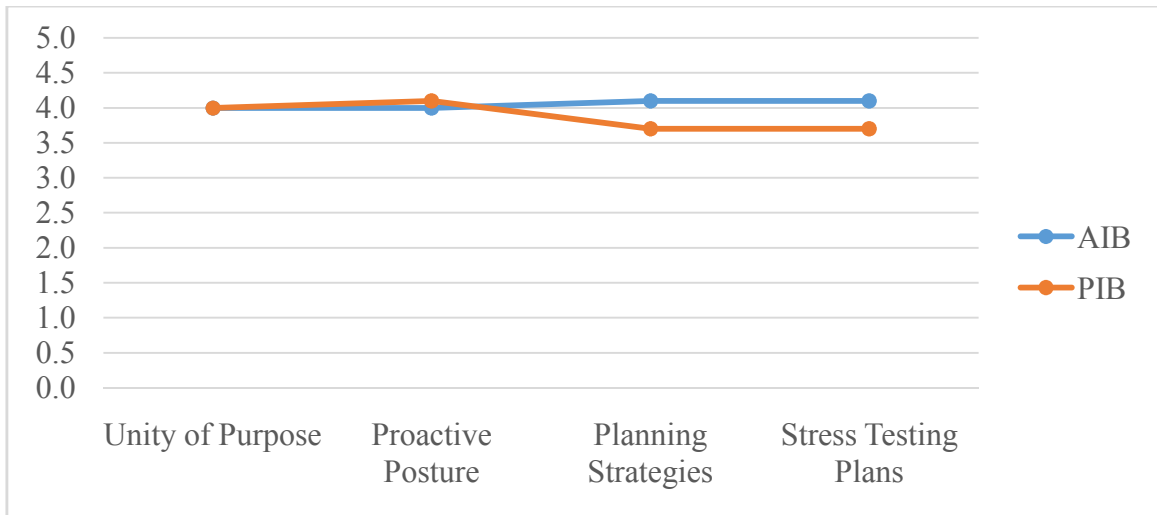
Figure (8): Comparison of the Four Indicators in Change Ready Attribute for AIB and PIB

The average resilience was good with average of 3.9 (79%). Despite that, none of the two banks were found to be outstanding in all attributes, showing that there is room for improvement for the two banks. The attribute with the greatest similarity between the two banks is in leadership and culture. The change ready attribute also reflected in a small difference between the two banks. The largest difference was in network attribute. Figure 9 shows the scores for the three attributes in addition to the overall resilience indicators. Figure 10 shows a comparison of the three attributes for AIB and PIB.
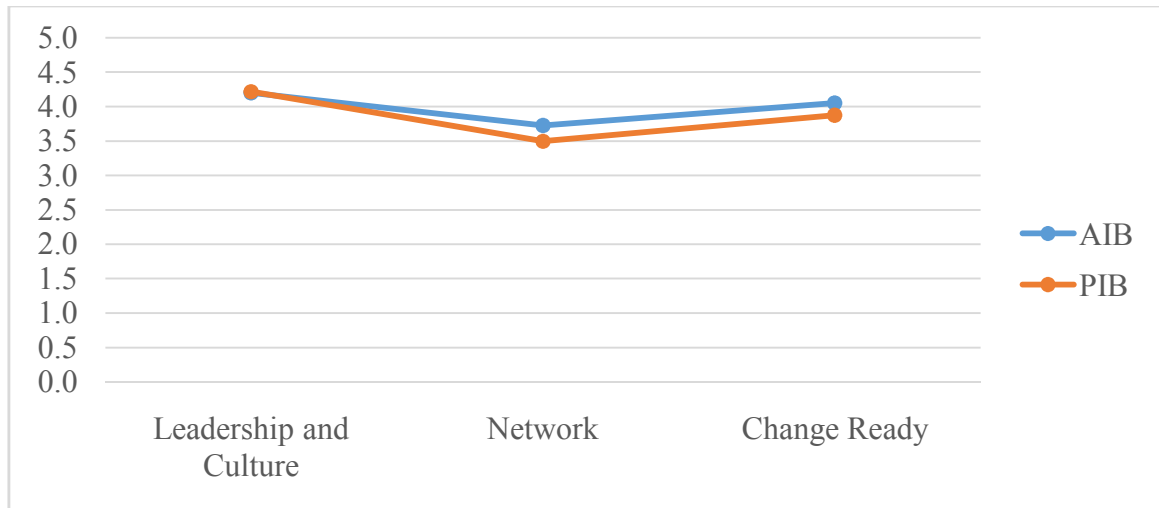
Figure (9): Comparison of the Three Resilience Attribute for AIB and PIB

The differences between the two banks lie in the comparison of the 13 resilience indicators (Figure 10). The indicators with the greatest similarity between the two banks are mostly in the Leadership and Culture attribute: Leadership, Staff Engagement, in the Network attribute: Effective Partnerships and Internal resources, in the Change Ready attribute: Unity of purpose. The Situation Awareness in Leadership and Culture attribute, Leveraging Knowledge in Network attribute and Proactive Postures in Change Ready attribute reflected a small difference between the two banks. The largest differences were in Decision Making and Innovation and Creativity (Leadership and Culture attribute), Breaking Silos (Networks attribute) and Planning Strategies and Stress Testing Plans (Change Ready attribute).
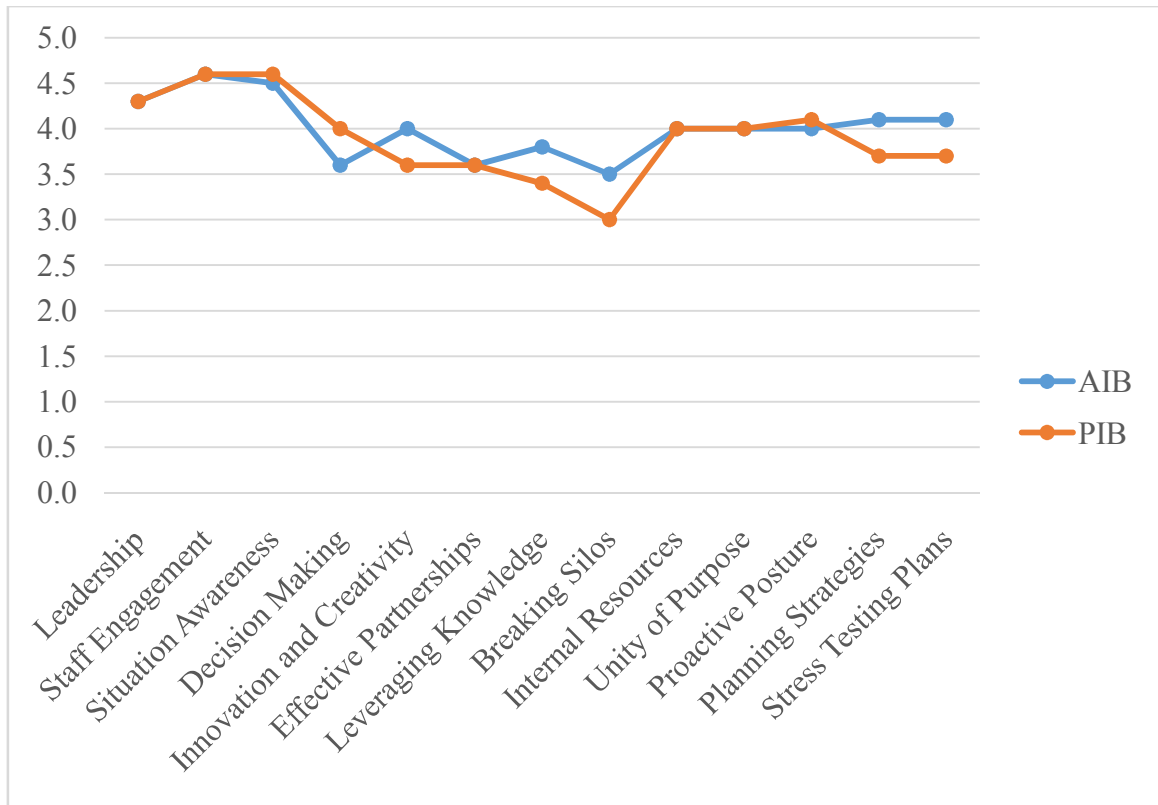
Figure (10): Comparison of the Thirteen Resilience Indicators across the AIB and PIB

As shown in figure 11, the overall resilience benchmark for the three attributes was excellent score for leadership and culture attribute, while it was good for both network and change ready attributes.
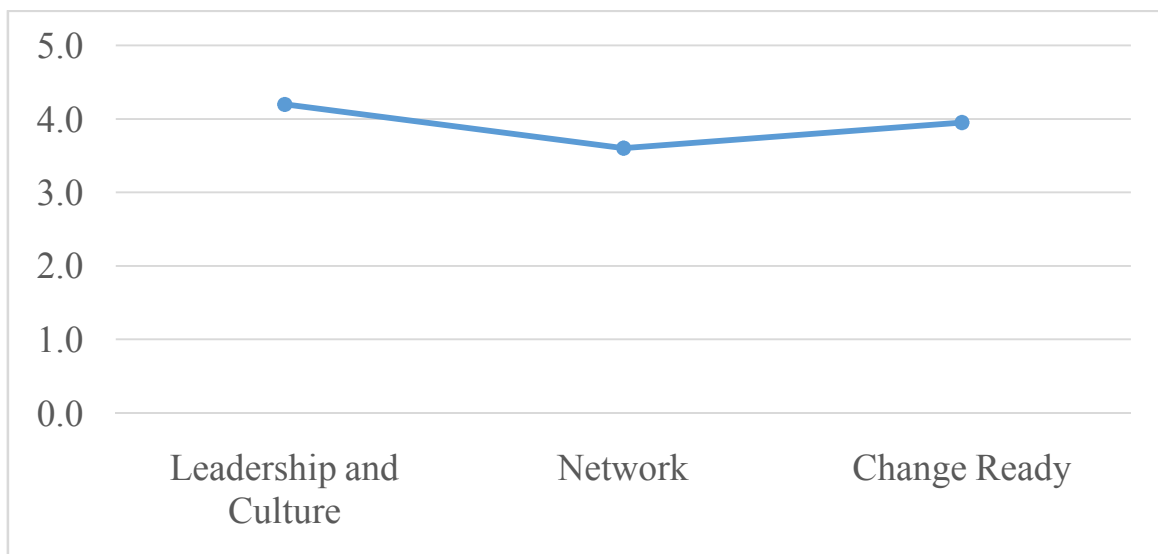
Figure (11): Comparison of the Three Resilience Attributes in Islamic Banks

Regarding the result of the thirteen indicators Islamic banks show an excellent resilience score in leadership, staff engagement and situation awareness indicators. On the other hand, effective partnerships, leveraging knowledge and breaking silos indicators resulted in a fair resilience score, while proactive posture, decision making, innovation and creativity, internal resources, unity of purpose, planning strategies, stress testing plans indicators scored a good resilience result. Figure 12 shows a comparison of the thirteen resilience indicators in Islamic banks.
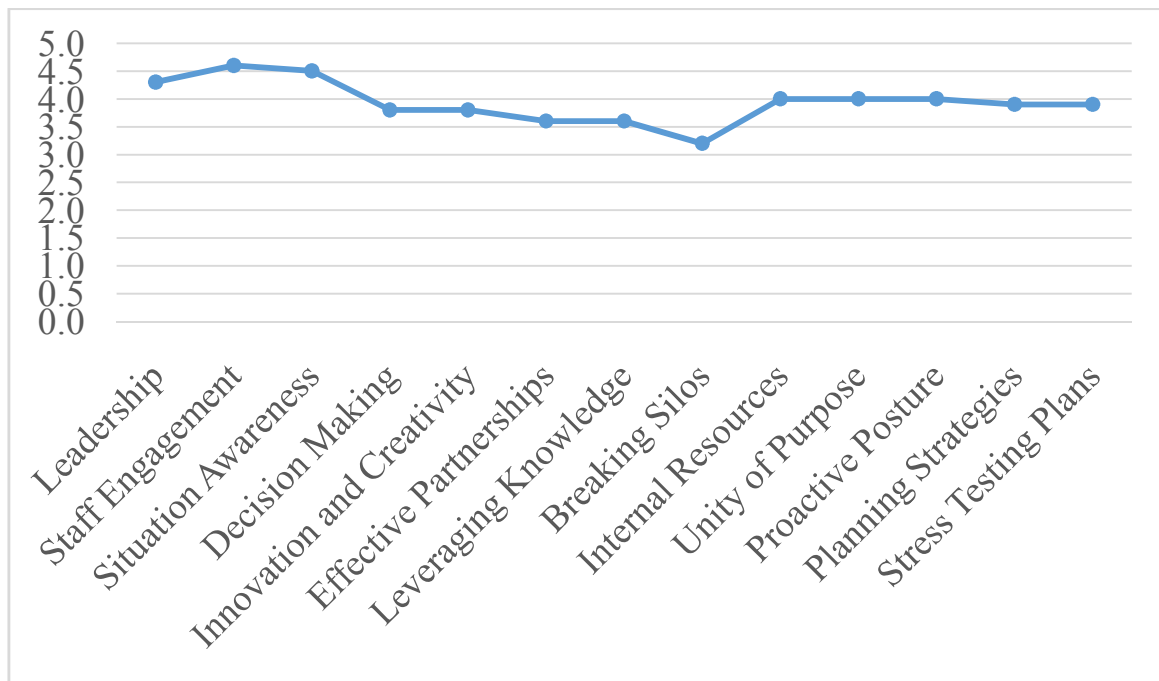
Figure (12): Comparison of the Thirteen Resilience Attributes in Islamic Banks

Chapter Five

Discussion of Results

Chapter Five
Discussion of Results

5.1 Chapter Overview

The final part of this research is taking inputs from data analysis, and thus answers research questions and creates a framework for enhancing organizational resilience in Palestinian Islamic banks. A list of success factors for enhancing organizational resilience as discovered through the interviews were included in the framework, while the drawbacks of resilience benchmark according to resilience benchmark tool was addressed within proposed framework.

This chapter consists of two sections: the first section is about the answers of research questions. The second section shows the diagram of proposed framework and its related dimensions and indicators. Thus, through reviewing this chapter, the reader will find how to successfully enhance the organizational resilience in the Palestinian Islamic banks by adapting the proposed framework.

5.2 Answers of Research Questions

5.2.1 How to define organizational resilience for Islamic banking sector in Palestine?

Resilience is "a function of an organization's situation awareness, identification and management of keystone vulnerabilities and adaptive capacity in a complex, dynamic and interconnected environment".

However, data analysis of this research operationalized resilience as a function of two factors: adaptive capacity and planning. Thus, the author showed how to define organizational resilience by discussing his finding related to these dimensions.

5.2.1.1 Adaptive capacity

An organization's ability to adapt is at the heart of its ability to display resilient characteristics so it is essential for enhancing the overall organizational resilience. Thus, organizations have to draw on their culture and the capabilities of their staff, as opposed to their structures and technology, to develop adaptive responses to emerging situations. The adoptive capacity is then defined as the organization ability to continuously design and develop solutions to match or exceed the needs of their environment when changes emerge in that environment.

However, it is noticed during this research that the leaderships provide good management and decision-making during times of crisis, a good mobilization and management of the bank resources to ensure its ability to operate, and engagement and involvement of staff who understand the link between their own works, the risks facing the bank, and its long-term success. The related suggestions is to work on the minimization of divisive social, cultural, and behavioral barriers (i.e. communication barriers), facilitate the staff access to expert opinions when needed, staff training to be able to fill key roles, encourage and reward the staff for using their knowledge in novel ways to solve new and existing

problems and ensuring the involvement of highly skilled staff in decision making process specially in crisis situation.

On the other hand, it was revealed by the benchmark resilience tool that the banks should be more focus on the minimization of silos, internal resources, staff engagement and involvement, leadership, information and knowledge, innovation and creativity, decision-making and situation monitoring and reporting in order to enhance their adaptive capacity.

5.2.1.2 Planning

Planning is a basic management function involving formulation of one or more detailed plans to achieve optimum balance of needs or demands with the available resources. The planning process identifies the goals or objectives to be achieved, formulates strategies to achieve them, arranges or creates the means required, and implements, directs, and monitors all steps in their proper sequence.

It is clearly visible in the result that the development of risk management plans, business continuity plans and stress testing plans is considered one of the corner stones of strategy and planning activities in the banks, while issuing and reviewing polices and plans is among the responsibilities of senior management. Moreover, the role of internal audit is to manage the risk facing the banks in order to align risk planning and the overall plans and strategies. On the other hand, interviewees agreed that different department should provide related data inputs to executive

management prior to issuing/reviewing risk plan. Such data should include analysis for internal and external environment, internal and external resources and monitoring and evaluation reports.

The banking sector has specific characteristics such as diversified financial product service, and for the Palestinian case, the future is uncertain as a result of the Israeli occupation. Thus, it was proven that a better risk management plan with annual review as a necessary activity to ensure compliance with organizational goals. Moreover, to achieve a realistic and viable risk management plan, the results show that during annual reviews of risk management plan, it is important to assess what has been accomplished against proposed plan, and then to analyze gaps (if found) in order to formulate more realistic future plans. Risk management plan is supposed to be clear and unambiguous. Thus, it can orchestrate employees' actions in a way that guarantees the achievement of goals and sustainable organizational success.

On the other hand, it was revealed by the benchmark resilience tool that the banks should be more focus on the monitoring and evaluation of plans in order to manage vulnerabilities, their readiness to respond to early warning signals of change in the bank internal and external environment before they escalate into crisis, understanding of the relationships and resources the bank might need to access from other organizations during a crisis, what the bank priorities would be following a crisis.

5.2.2 What are the organizational resilience indicators for Islamic banking sector in Palestine?

Based on the result of this study and the related literature review regarding organizational resilience and risk management activities and practices in Islamic banking sector in Palestine, there are thirteen organizational resilience indicators for Islamic banking sector in Palestine and these are Minimization of Silos, Internal Resources, Staff Engagement and Involvement, Information and Knowledge, Leadership, Innovation and Creativity, Decision-Making, Situation Monitoring and Reporting, Planning Strategies, Stress Testing Plans, Proactive Posture, External Resources, Recovery Priorities.

The thirteen indicators are distributed over two dimensions, adaptive capacity and planning. The first eight indicators (Minimization of Silos, Internal Resources, Staff Engagement and Involvement, Information and Knowledge, Leadership, Innovation and Creativity, Decision-Making, Situation Monitoring and Reporting) represent the adaptive capacity dimension while the last five indicators (Planning Strategies, Stress Testing Plans, Proactive Posture, External Resources, Recovery Priorities) represent the planning dimension.

5.2.3 How to enhance the overall Islamic Banking sector resilience in Palestine?

The result of this research operationalized resilience as a function of adaptive capacity and planning. The following paragraphs discusses

how to enhance the overall organizational resilience and becoming more resilient.

5.2.3.1 Embracing the concepts of the learning organization, change management and employee engagement and involvement

In order to develop and enhance the organizational resilience the Palestinian Islamic banks should embrace the concepts of the learning organization, change management and employee engagement and involvement.

A learning organization is the organization that acquires knowledge and innovates fast enough to survive and thrive in a rapidly changing environment. Emerging from the work of Peter Senge, the five essential characteristics of a learning organization include: Systems Thinking, Personal Mastery, Shared Vision, Mental Models, and Team Learning.

Change management is a systematic approach to dealing with change, both from the perspective of an organization and on the individual level. John Kotter has established a set of eight change principles that have proven consistently effective over time: Create Urgency, Form a Powerful Coalition, Create a Vision for Change, Communicate the Vision, Remove Obstacles, Create Short-Term Wins, Do not Let Up, and Anchor the Changes in Culture.

Engaged and involved employees are emotionally invested in the whole organization, they believe in what they are doing and are dedicated

to their peers, their supervisors and their organization. The organization's mission provides them with purpose. They are loyal to the people and the brand. When done right, engagement and involvement is a powerful cocktail, and the power is contained within the concept of discretionary effort, increased levels of employee engagement and involvement correlate with higher profit, productivity, creativity, retention, and customer satisfaction while decreasing absenteeism, turnover, and accidents.

5.2.3.2 International standards in organizational resilience

The organizational resilience American national standard developed by ASIS international (ASIS) provides organizations with a comprehensive management framework to anticipate, prevent if possible, and prepare for and respond to a disruptive incident. It provides generic auditable criteria to establish, check, maintain, and improve a management system to enhance prevention, preparedness (readiness), mitigation, response, continuity, and recovery from an emergency, crisis, or disaster.

"Auditing Management System for Security, Preparedness and Continuity Management with Guidance for Application (2014). Emphasizes the importance of audits as a management tool for monitoring and verifying the effective implementation of an organization's policy. It refers to the systematic, objective activities performed to evaluate management system performance for security, preparedness, and continuity management."* *(ASIS, 2014)*

"Organizational Resilience Maturity Model-Phased Implementation (2012). Describes a maturity model for phased implementation of the ASIS Organizational Resilience Standard as a series of steps to help organizations evaluate where they currently are with regard to resilience management and preparedness, set goals for where they want to go, benchmark where they are relative to those goals, and plot a business sensible path forward." (ASIS, 2012)

"Organizational Resilience: Security Preparedness and Continuity Management Systems - Requirements with Guidance for Use (2009). Adopted by the United State Department of Homeland Security Private Sector Preparedness Program. It provides a framework for businesses to assess the risks of disruptive events, develop a proactive strategy for prevention, response, and recovery, establish performance criteria, and evaluate opportunities for improvement." *(ASIS, 2009)*

5.3 Components of Proposed Framework

The proposed framework of organizational resilience developed through this thesis is shown in Figure 13. The proposed framework consist of thirteen indicators distributed over two dimensions; adaptive capacity and planning.
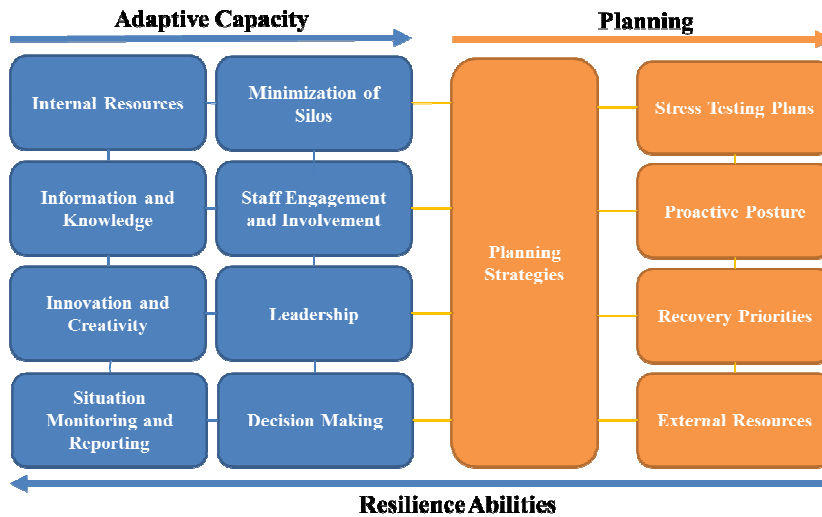
Figure (13): Proposed Framework for Enhancing Organizational Resilience in Islamic Banking Sector in Palestine

The framework represents a restructuring of the organizational resilience concept from Islamic banking sector perspective. McManus's Relative Overall Resilience (ROR) model consisted of three dimensions; situation awareness, management of keystone vulnerabilities and adaptive capacity, and fifteen indicators and Lee et al. (2013) ResOrgs model consisted of three attributes; leadership & culture, networks and change ready, and thirteen indicators, which was used as the starting point for this research. The proposed framework of organizational resilience is inclusive and supports literature reviewed by Lee et al. (2013) and McManus (2007) as well as this thesis.

The proposed framework consist of thirteen indicators distributed over two dimensions; adaptive capacity which is measured by eight indicators which are minimization of silos, internal resources, staff engagement and involvement, information and knowledge, leadership, innovation and creativity, decision-making, situation monitoring and

reporting. While planning dimension is measured by five indicators which are (planning strategies, stress testing plans, proactive posture, external resources and recovery priorities. Table 20 (Annexed) shows the definitions of the dimensions along with the indicators for enhancing the organizational resilience in Islamic Palestinian banks. The definitions of the related indicators are adopted from the Resilient Organizations (ResOrgs), Lee et al. (2013) and McManus (2007) organizational resilience models.

Chapter Six
Conclusion and Implications

Chapter Six
Conclusion and Implications

6.1 Chapter Overview

The purpose of this chapter is to draw conclusions from this study. The first section discusses the summary of findings and conclusions, while the second section discusses the implications and recommendations. The final section leads to implications for further research.

6.2 Summary of Finding and Conclusions

The research consists of three parts: the first part is a preliminary study of the current organizational resilience of Islamic banking sector in Palestine, while the second part is a prospective organizational resilience analysis by listening to the banks experts from Palestine. The final part deals with resilience benchmark analysis by benchmarking the organizational resilience of Islamic banks in Palestine. The findings of these three research parts are summarized in following paragraphs.

Palestinian banks are very vulnerable. As a smaller country we are regularly exposed to business threats with changing markets, supply chain issues and staffing challenges. The country is to some extent vulnerable to natural disasters such as bad weather conditions. Islamic banks in Palestine keenly consider the importance of organizational resilience for business as a driver for surviving a crisis and even thrive, however, they still implementing the basics elements of risk management such as business continuity plan and stress testing plan, which is largely depending on the

experience of risk management department manager. Generally, it is possible to conclude that current risk management and organizational resilience concepts are still immature for many reasons. Since two years only the Islamic banks started the institutionalizing of risk management department, and Palestinian Islamic banks have no or limited integration with regional Islamic banks.

The second part of the research is prospective organizational resilience analysis by listening to banking experts from Palestine. Then using thematic analysis, the researcher was able to find the following four themes, first, experts considered risk management introduction to the Islamic banks as a methodology to enhance the overall organizational resilience of these banks. Second, capacity building throughout leveraging staff information and knowledge in addition to implementation of a flexible systems and procedures. Third, planning strategies. Experts agreed that a well-integrated plans and strategies can enhance the overall organizational resilience from two prospective, supporting the new concept of organizational resilience and harmonizing the development and evaluation of plans and strategies. Fourth, is about senior management and staff involvement and engagement in risk management activities. Experts believe that senior management should engage and involve the staff in risk management activities in addition to the decision-making process. Furthermore, top management should empower the staff to use their skills to solve problems in a novel ways.

The Third part of this research is resilience benchmark analysis that measures the organizational resilience of Islamic banks in Palestine according to the RBT that has been developed by the Resilient Organizations research programme at the University of Canterbury in New Zealand. According to the results, Islamic banks show an excellent resilience score in leadership, staff engagement and situation awareness indicators. On the other hand, effective partnerships, leveraging knowledge and breaking silos indicators resulted in a fair resilience score, while proactive posture, decision making, innovation and creativity, internal resources, unity of purpose, planning strategies, stress testing plans indicators scored a good resilience result. According to the analysis results the major risks facing the Islamic banks in Palestine are employee morale, severe weather, financial crisis, fraud, political instability, loss of critical services (electricity, water, gas, telecommunications, etc.) and major accident or fire, thus, the difference in resilience benchmark score indicates an urgent need to enhance the current organizational resilience concept of Islamic banks in Palestine to enhance the overall organizational resilience of this sector.

6.3 Implications and Recommendations

The study shows that there is a good overall organizational resilience in Islamic banks in Palestine. They have an excellent organizational resilience score in leadership and culture attribute; on the other hand, network and change ready attributes have a good organizational

resilience score. Therefore, Islamic banks should focus their resources and efforts on enhancing the organizational resilience of network and change ready attributes. In particular effective partnerships, leveraging knowledge and breaking silos indicators in networks attribute and unity of purpose, proactive posture, planning strategies and stress testing plans indicators in change ready attribute. Furthermore, Islamic banks should embracing the concepts of the learning organization, change management and employee engagement and involvement in order to enhance their overall organizational resilience.

To enhance the organizational resilience of the Islamic banks, they have to adopt a clear resilience strategy in order to steer and orchestrated efforts of stakeholders. Moreover, and specifically for banking sector, it is very important to periodically evaluate, review and update risk management and resilience strategies and plans against planned expectation. On the other hand, Islamic banks should be committed to enhance their overall organizational resilience that consider different internal and external factors, such as staff engagement, information and knowledge, leadership and decision-making process and market trends. However, Islamic banks can start from current immature organizational resilience concept and gradually progress towards a final stable one.

One of the main obstacles of banking sector in Palestine is related to the political instability, mainly because of Israeli occupation. Islamic banks have to consider alternative plans such as business continuity plans and

stress testing plans to eliminate the impact of restrictions by occupation such as internal and external closures, freedom of movement and access and the exchange rate of the Israeli currency. On the other hand, companies have to support every effort to slander the restrictions imposed by the Israeli occupation on the Palestinian banking sector in various international hubs. This could be achieved by supporting related researches and studies that reveal the impact resulting from the occupation restrictions and obstacles on the banking sector.

6.4 Recommendation for Further Research

There are some areas that can be researched in the context of this study, which can enrich current finding. The following list pinpoints some of these areas:

- Splitting of this study into multiple researches, which are focused on specific dimensions of the organizational resilience concept, such as adaptive capacity and planning.

- New research to develop a measurement tool to measure the organizational resilience in Palestinian banks and especially to test possible key performance indicators on a wider sample of banks.

- New research to investigate how to best ensure that resilience management is implemented and what the barriers are likely to be to this process.

- New research to investigate how the implementation of Basel III: A global regulatory framework for more resilient banks and banking systems impact the resilience of Palestinian banks.

- New research to investigate characteristics of the non-Islamic banks, and how it can impact the development of banking industry.

- More research about obstacles made by the Israeli occupation towards the banking sector in Palestine, and how it can impact the enhancement of organizational resilience and the overall community resilience in Palestine.

- Specific research about the competition and the challenge of the banking sector in Palestine. As well as discussing the role of Palestinian banking regulators specially PMA in managing the banking sector.

- Evaluation research of current modules of risk management and regulation polices by the PMA, and how it impacts the enhancement of organizational resilience in the Palestinian banks.

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Appendices

Appendix A: Interview Form

Date: ……………   Interviewer: ………...   Time: ………….....

Bank: ……………   Interviewed: ………….   Job Title: ………….....

- Does the bank have a strategic vision/mission statement? How clearly is this articulated through the bank? How closely do day-to-day operations reflect this vision/mission? To what extent is this vision likely to impact on the performance of the bank during and after a crisis?

- What level of knowledge do staff have of their own individual roles and responsibilities and other's roles and responsibilities in the bank? How much flexibility do they have in their roles and responsibilities in the bank?

- How easily can staff communicate upwards and downwards through the bank? How effective are communications and relationships between: departments, business units, Head/branch offices, external stakeholders?

- To what extent does the bank have effective organization wide systems and procedures? How do staff feel about using these systems and procedures?

- Does the bank engage in: risk management planning, business continuity planning, and crisis management planning? How well integrated are existing planning strategies in the bank?

- What sort of hazards/problems/events the bank is facing or do you think this bank is exposed to?

- What do you think the consequences of these events would be on the bank?

- How well can you manage these events and what level of control do you think the bank has over this?

- What level of business interruption insurance or external aid is available to the bank?

- How suitable is this for the expected range of hazards and their consequences on the bank?

- What does, or should, an emergency management plan look like for the bank?

- What level of emergency management exercises does the bank engage in? How frequently? What are the principle barriers to participation in such exercises?

Appendix B: Resilience Benchmark Tool

Resilient
ORGANISATIONS
A collaboration between research & industry

Resilient Organisations
Resilience Benchmark Tool

Introduction

Resilience is the ability of an organisation to survive a crisis and thrive in a world of uncertainty.

This Resilience Benchmark Tool is designed to help measure the resilience of an organisation, to monitor progress over time, and to compare resilience strengths and weaknesses against other organisations within your sector or of a similar size.

The questionnaire has been developed by the Resilient Organisations Research Programme at the University of Canterbury in New Zealand. The results do require careful analysis for correct interpretation. This questionnaire is therefore not to be used without prior permission.

If you would like to use this Tool with your organisation or to find out more information, please contact Erica Seville or John Vargo (Co-leaders of the Resilient Organisations Research Programme) at erica.seville@rsrc.co.nz or john.vargo@canterbury.ac.nz.

Version: June 2012

Instructions

This questionnaire has been divided into three sections. The first section asks some questions about you. The second section asks about characteristics of your organisation that are associated with resilience. The third section asks management questions about your organisation. As many staff as possible from your organisation are asked to complete sections one and two of the survey. The third section is to be answered by only one respondent for the organisation.

It is very important that you provide an answer to every question. However, it's impossible for everyone within an organisation to know everything, so if you don't know an answer, please use the 'Don't Know' option.

Section 1: A little about yourself

1. What is the name of your organisation?

2. Are you?
   - Male
   - Female

3. What is your age?
   - <20
   - 21-30
   - 31-40
   - 41-50
   - 51-60
   - 61+

4. Which of these levels best describes your position within your organisation? *(please tick one)*
   - Senior management
   - Middle management
   - Supervisor/team leader
   - Staff

5. Which of the following best describes the department or business unit you work in? *(please tick one)*

   - Accounting & Payroll,
   - Administration,
   - Catering,
   - Customer Services,
   - Design & Print Services,
   - Emergency Planning/Management,
   - Engineering,
   - Facilities & Maintenance,

   - Finance & Insurance,
   - Health & Safety,
   - Human Resources,
   - ICT,
   - Logistics,
   - Marketing,
   - Manufacturing,
   - Media & Public Relations,

- Procurement,
- Risk Management
- Sales,
- Transport,

- Waste Management,
- Welfare,
- Other

6. What is your job title?

[   ]

7. How long have you worked in your industry?
   - <1 year
   - 1-3 years
   - 4-10 years
   - 11-20 years
   - 21+ years

8. How long have you worked at your organisation?
   - <1 year
   - 1-3 years
   - 4-10 years
   - 11-20 years
   - 21+ years

Section 2: Resilience Indicators

This section should be completed by all staff. It contains questions about the resilience characteristics of your organisation.

Resilience is the ability of an organisation to survive a crisis and thrive in a world of uncertainty. Resilience consists of three interdependent attributes (1) Leadership and Culture; (2) Networks and (3) Change Ready that build Business as Usual (BAU) effectiveness as well as robust and agile response and recovery from crises.

2a: Leadership and Culture

The first part of this section asks about adaptive capacity of the organisation created by its leadership and culture. There are five indicators of organisational resilience that fall under the Leadership and Culture attribute – these are:

- *Leadership*
- *Staff engagement*
- *Situation awareness*
- *Decision making*
- *Innovation and creativity*

If you don't know the answer to any of the questions, please choose the 'Don't Know' answer.

Leadership: Strong crisis leadership to provide good management and decision making during times of crisis, as well as continuous evaluation of strategies and work programs against organisational goals.

9. To what extent do you agree or disagree with the following statements for your organisation?

	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
Staff are confident that management would provide good leadership if our organisation was struck by a crisis					
In a crisis, staff accept that management may need to make some decisions with little consultation					
Our managers monitor staff workloads and reduce them when they become excessive					
Our management think and act strategically to ensure that we are always ahead of the curve					
Management in our organisation lead by example					

	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
Our organisation regularly re-evaluates what it is we are trying to achieve					

Staff Engagement: The engagement and involvement of staff who understand the link between their own work, the organisation's resilience, and its long term success. Staff are empowered and use their skills to solve problems.

10. To what extent do you agree or disagree with the following statements for your organisation?

	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
People in our organisation feel responsible for the organisation's effectiveness					
People in our organisation "own" a problem until it is resolved					
Our organisation's culture is to be very supportive of staff during times of crisis					
Our organisation has high staff morale					
Staff know what they need to do to respond to a crisis					

Situation Awareness: Staff are encouraged to be vigilant about the organisation, its performance and potential problems. Staff are rewarded for sharing good and bad news about the organisation including early warning signals and these are quickly reported to organisational leaders.

11. To what extent do you agree or disagree with the following statements for your organisation?

Situation Awareness	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
We proactively monitor what is happening inside and outside our industry to have an early warning of emerging issues					
We learn lessons from past projects and make sure those lessons are carried through to future projects					

Staff interact often enough to know what's going on in our organisation					
Managers actively listen for problems					
We are mindful of how the success of one area of our organisation depends on the success of another					
Staff feel able to raise problems with senior management					

12. Think of the overall highest risks facing your organisation, please tick the top 5 in the list below:

- Flooding
- Bushfire
- Drought (Water shortage)
- Severe weather
- Cyclones
- Tsunami
- Volcanic activity
- Severe storms
- Landslides
- Contamination
- Failure of a key supplier or customer

- Financial crisis
- Major accident or fire
- Pandemic e.g. influenza, bio-security
- Loss of critical services e.g. electricity, water, gas, telecommunications
- Reputation damage
- Fraud
- Regulatory changes
- Staffing issues

Decision Making: Staff have the appropriate authority to make decisions related to their work and authority is clearly delegated to enable a crisis response. Highly skilled staff are involved, or are able to make, decisions where their specific knowledge adds significant value, or where their involvement will aid implementation.

13. To what extent do you agree or disagree with the following statements for your organisation?

Decision Making	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
Should problems occur, staff have direct access to someone with authority to make decisions					
Our organisation can make tough decisions quickly					
In our organisation, the most qualified people make decisions, regardless of seniority					

Innovation and Creativity: Staff are encouraged and rewarded for using their knowledge in novel ways to solve new and existing problems, and for utilising innovative and creative approaches to developing solutions.

14. To what extent do you agree or disagree with the following statements for your organisation?

	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
Staff are actively encouraged to challenge and develop themselves through their work					
We are known for our ability to use knowledge in novel ways					
Staff are rewarded for "thinking outside of the box"					

2b: Networks

The second part of this section asks about the internal and external relationships fostered and developed by your organisation that it can to leverage when needed. There are four indicators of organisational resilience that fall under the Network attribute – these are:

- *Effective partnerships*
- *Leveraging knowledge*
- *Breaking silos*
- *Internal resources*

If you don't know the answer to any of the questions, please choose the 'Don't Know' answer.

Effective Partnerships: An understanding of the relationships and resources the organisation might need to access from other organisations during a crisis, and planning and management to ensure this access.

15. To what extent do you agree or disagree with the following statements for your organisation?

	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
In a crisis, we have agreements with other organisations to access resources from them					
We have planned for what support we could provide to the community in a crisis					

We build relationships with organisations we might have to work with in a crisis					
We understand how we are connected to other organisations and actively manage those links					
We understand how Government actions would affect our ability to respond in a crisis					

Leveraging Knowledge: Critical information is stored in a number of formats and locations and staff have access to expert opinions when needed. Roles are shared and staff are trained so that someone will always be able to fill key roles.

16. To what extent do you agree or disagree with the following statements for your organisation?

	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
Staff have the information and knowledge they need to respond to unexpected problems					
If something out of the ordinary happens, staff know who has the expertise to respond					
Critical information is available by different means and from different locations					
If key people were unavailable, there are always others who could fill their role					
We readily obtain expert assistance when there's a problem					

Breaking Silos: Minimisation of divisive social, cultural and behavioural barriers, which are most often manifested as communication barriers creating disjointed, disconnected and detrimental ways of working.

17. To what extent do you agree or disagree with the following statements for your organisation?

	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
Staff are encouraged to move between different departments or try different roles to gain experience					

	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
There is a sense of teamwork and camaraderie in our organisation					
There are few barriers stopping us from working well with each other and with other organisations					
We work with others regardless of departmental or organisational boundaries, to get the job done					

Internal Resources: The management and mobilisation of the organisation's resources to ensure its ability to operate during business as usual, as well as being able to provide the extra capacity required during a crisis.

18. To what extent do you agree or disagree with the following statements for your organisation?

	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
We have sufficient internal resources to operate successfully during business as usual					
Our organisation maintains sufficient resources to absorb some unexpected change					
When a problem occurs, it is easier to get approval for additional resources to get the job done					

2c: Change Ready

The last part of this section asks about the planning undertaken and direction established to enable your organisation to be change ready. There are four indicators of organisational resilience that fall under the Change Ready attribute– these are:

- *Unity of Purpose*
- *Proactive Posture*
- *Planning Strategies*
- *Stress Testing Plans*

If you don't know the answer to any of the questions, please choose the 'Don't Know' answer.

Unity of Purpose: An organisation wide awareness of what the organisation's priorities would be following a crisis, clearly defined at the organisation level, as well as an understanding of the organisation's minimum operating requirements.

19. To what extent do you agree or disagree with the following statements for your organisation?

	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
We have clearly defined priorities for what is important during and after a crisis					
Our priorities for recovery would be sufficient to provide direction for staff in a crisis					
We understand the minimum level of resources our organisation needs to operate					
We are mindful of how a crisis in our organisation would impact others					
Our organisation consistently demonstrates commitment to its values					

Proactive Posture: A strategic and behavioural readiness to respond to early warning signals of change in the organisation's internal and external environment before they escalate into crisis.

20. To what extent do you agree or disagree with the following statements for your organisation?

	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
We have a focus on being able to respond to the unexpected					
We are able to collaborate with others in our industry to manage unexpected challenges					
We are able to shift rapidly from business-as-usual to respond to crises					
Whenever our organisation suffers a close call, we use it for self-evaluation rather than confirmation of our success					
We are regarded as an active participant in industry and sector groups					

	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
Our organisation readily responds to changes in our business environment					
In a crisis we seek opportunities for our organisation					
We tend to be optimistic and find positives from most situations					

Planning Strategies: The development and evaluation of plans and strategies to manage vulnerabilities in relation to the business environment and its stakeholders.

21. To what extent do you agree or disagree with the following statements for your organisation?

	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
Our organisation plans for the medium- and long-term					
We plan our strategy carefully before taking action					
Given our level of importance to our stakeholders, the way we plan for the unexpected is appropriate					
We are mindful of how a crisis could affect us					
We actively plan with our suppliers how to manage disruptions					
We actively plan with our customers how to manage disruptions					
We actively plan how to support our staff during times of crisis					
We have a good understanding of how an event impacting the community may impact our ability to respond					

22. Our organisation currently has people who perform the following roles *(tick all that apply)*
   - Risk management,
   - Crisis management,

- Emergency management
- Business continuity
- None of these

23. Our organisation has the following Plans *(tick all that apply)*
- Business Continuity Plan
- Emergency Plan
- Crisis Plan
- Other type of Plan (please describe)

24. Are your organisation's plans of a sufficient standard to be useful in an emergency? (Please tick one)
- Yes
- Don't know
- No (Please say why)

Stress Testing Plans: The participation of staff in simulations or scenarios designed to practice response arrangements and validate plans.

25. How regularly does your organisation rehearse and test its plans?

	N/A	Twice a year	Annually	Every 2nd year	Hardly ever
Business Continuity Plan					
Emergency Plan					
Crisis Plan					
Other type of Plan					

26. To what extent do you agree or disagree with the following statements for your organisation?

	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
We believe emergency plans must be practised and tested to be effective					
Staff can take time from their day to day roles to practice how to respond in a crisis					

27. Our organisation has done sufficient planning for how disruption to the following infrastructure might affect us:

	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
Communications					
Information Technology					
Electricity					
Gas					
Transport Networks					
Water					

Crisis Experience:

28. Has your organisation experienced a crisis or emergency in the last 5 years?
    - Yes,
    - No,
    - Don't know

In what year did the crisis occur?

On the scale shown please rate, how severe your organisation's most recent crisis was for your organisation.
    - We dealt with it as part of business-as-usual,
    - It challenged us but was not overly disruptive,
    - It definitely challenged us and was moderately disruptive,
    - It definitely challenged us and was very disruptive,
    - It could have shut us down permanently,
    - Don't know

Please briefly describe what the crisis was, how long it lasted for and what the impact was on your organisation.

- Don't Know
- Yes (please describe)

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35. If your building or work area was inaccessible due to physical damage or a hazard where would you relocate to? *(Please tick the option closest to the arrangements that your organisation has)*
    - A temporary building or office that we would arrange when needed
    - A temporary building or office that we have already arranged
    - We have plans (that have already been tested) for our staff to work from home
    - We would arrange for our staff to work from home although we have not planned or practiced this
    - We would not relocate
    - Don't know
    - Other (please describe)

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36. How would you rate your organisation's cash flow?
    - Excellent
    - Good
    - Satisfactory
    - Poor
    - Very Poor
    - Don't know

37. Has your organisation used a staff satisfaction survey in the last two years?
    - Yes
    - No

    How would you rate your organisation's most recent staff satisfaction score?
    - Very high
    - High
    - Satisfactory
    - Low
    - Very Low
    - Don't know

38. Which of the following best describes your organisation?
    - For-profit *(answer questions in section 3a)*
    - Not-for-profit *(answer questions in section 3b)*

3a: For-Profit Organisations

What was your organisation's average annual sales growth rate over the last 5 years? *(For each year, this is calculated as your organisation's annual increase in sales divided by the previous year's sales)*

- Less than 0%
- 1 – 10%
- 11 – 30%
- 31 – 100%
- 101%+
- Don't know

What was your organisation's average profit to sales ratio over the last 5 years? *(For each year, this is calculated as your organisation's net profit before tax divided by the total sales)*

- 0 – 5%
- 6 – 10%
- 11 – 20%
- 21%+
- Don't know

What was your organisation's average annual return on investment (ROI) over the last 5 years? *(For each year, this is calculated as your organisation's profit after tax divided by its assets minus its liabilities)*

- Less than 0
- 0 – 5
- 6 – 10
- 21
- Don't know

What was your organisation's debt to equity ratio during the last fiscal year? *(This is calculated by dividing your organisation's total debt by its stockholders' equity)*

- 0 – 0.4
- 0.5 – 0.9
- 1 – 1.4
- 1.5 – 1.9
- 2 – 2.4
- 2.5 – 2.9
- 3 – 3.4
- Don't know

How do you feel about your organisation's level of debt?

- Very positive
- Positive
- Negative
- Very negative

3b: Not-For-Profit Organisations

By how much, on average, has your organisation's income budget increased each year, over the last 5 years?

- Less than 0%
- 1 – 10%
- 11 – 30%
- 31 – 100%
- 101%+
- Don't know

What was your organisation's average operating surplus as a percentage of its total of its income over the last 5 years?

- Less than 0%
- 0 – 5%
- 6 – 10%
- 11 – 20%
- 21 – 40%
- 41%+
- Don't know

Appendix C: Definitions for the Proposed Indicators. (ResOrgs, 2014, Lee et al., 2013, McManus, 2007).

	Indicator	Definition
Adaptive Capacity	Minimization of Silos	Minimization of divisive social, cultural, and behavioral barriers, which are most often manifested as communication barriers creating disjointed, disconnected, and detrimental ways of working.
	Internal Resources	The management and mobilization of the organization's resources to ensure its ability to operate during business-as-usual, as well as being able to provide the extra capacity required during a crisis.
	Staff Engagement and Involvement	The engagement and involvement of staff who understand the link between their own work, the organization's resilience, and its long-term success. Staff are empowered and use their skills to solve problems.
	Information and knowledge	Critical information is stored in a number of formats and locations and staff have access to expert opinions when needed. Roles are shared and staff are trained so that someone will always be able to fill key roles.
	Leadership	Strong crisis leadership to provide good management and decision making during times of crisis, as well as continuous evaluation of strategies and work programs against organizational goals.
	Innovation and Creativity	Staff are encouraged and rewarded for using their knowledge in novel ways to solve new and existing problems and for utilizing innovative and creative approaches to developing solutions.
	Decision-Making	Staff have the appropriate authority to make decisions related to their work and authority is clearly delegated to enable a crisis response. Highly skilled staff are involved, or are able to make, decisions where their specific knowledge adds significant value, or where their involvement will aid implementation.

	Indicator	Definition
	Situation Monitoring and Reporting	Staff are encouraged to be vigilant about the organization, its performance and potential problems. Staff are rewarded for sharing good and bad news about the organization including early warning signals and these are quickly reported to organizational leaders.
Planning	Planning Strategies	The development and evaluation of plans and strategies to manage vulnerabilities in relation to the business environment and its stakeholders.
	Stress Testing Plans	The participation of staff in simulations or scenarios designed to practice response arrangements and validate plans.
	Proactive Posture	A strategic and behavioral readiness to respond to early warning signals of change in the organization's internal and external environment before they escalate into crisis.
	External Resources	An understanding of the relationships and resources the organization might need to access from other organizations during a crisis, and planning and management to ensure this access.
	Recovery Priorities	An organization wide awareness of what the organization's priorities would be following a crisis, clearly defined at the organization level, as well as an understanding of the organization's minimum operating requirements.

جامعة النجاح الوطنية

كليه الدراسات العليا

تحسين المرونة المؤسسية:
دراسة حالة قطاع البنوك الإسلامية الفلسطينية

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الملخص

تحافظ المؤسسات على اقتصادنا، وتعمل على توفير الوظائف، والسلع، والخدمات للمجتمع. إن تزايد العولمة في العالم الحديث أدى إلى مواجه هذه المؤسسات للعديد من المخاطر والتي غالباً لا يتم اكتشافها ومعرفتها حتى تتفاقم وتصبح هذه المخاطر أزمات. إنه من الصعب على المؤسسات بغض النظر عن حجمها التنظيمي أو موقعها الجغرافي أو قوتها المالية أن تحدد وتُعرف جميع المخاطر المحتملة بما في ذلك عواقبها. ومن هنا اكتسب مبدأ تحسين المرونة المؤسسية زخماً واهتماماً كبيراً.

إن مصطلح المرونة قد استخدم على نطاق واسع وفي مجالات أكاديمية مختلفة وفي كثير من الأماكن. إلا أنه لا يوجد إجماع حول مفهوم المرونة، وماذا يعني للمؤسسات، والأهم من ذلك كيف بإمكان هذه المؤسسات تحقيق مرونة أكبر في مواجه المخاطر المتزايدة. إن حال البنوك الإسلامية في فلسطين كما هو الحال لدى كافة البنوك في الدول النامية والتي هي غير قادرة بشكل كامل على تنفيذ بنود اتفاقية بازل 2 وبازل 3 والتي تهدف الى تحسين المرونة المؤسسية في البنوك، ومن هنا فإنه يجب على البنوك الإسلامية في فلسطين أن تدرك أهمية ومدى تأثير تهيئة بيئة داخلية وفقاً للمعايير العالمية والممارسات الفضلى في تحسين مرونتها المؤسسية، وهذا يعود إلى أن هنالك نقصاً في المعرفة لدى المؤسسات الفلسطينية بشكل عام حول كيفية تحسين مرونتهم المؤسسية.

تم اتباع منهجية دراسة الحالة في تنفيذ هذه الدراسية حيث تم تطبيق دراسة الحالة في البنوك الإسلامية في فلسطين (البنك الاسلامي الفلسطيني والبنك الاسلامي العربي) وذلك لاكتشاف ما هي الأمور والقضايا المشتركة التي تعزز أو تشكل عائقاً لتحسين المرونة المؤسسية

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في هذه البنوك. تم تعريف المرونة المؤسسية في هذه الدراسة بأنها وظيفة كلية من حيث الوعي بالموقف، ومواطن الضعف، والقدرة على التكيف للمؤسسة في بيئة معقدة ومتغيرة ومتداخلة. كما تم أيضاً في هذه الدراسة استخدام أداة قياس معيارية وذلك لتقييم وقياس المرونة المؤسسية في البنوك الإسلامية. وقد تم جمع البيانات على شكل مقابلات شبه منظمة، وأداة قياس معيارية وملاحظات المشاركين.

استنتجت الدراسة بأن أهم المخاطر التي تواجهه البنوك الإسلامية في فلسطين هي المخاطر التشغيلية، وسوء الأحوال الجوية، وعدم الاستقرار السياسي والاقتصادي. وقد تم تطوير نموذج مقترح بحيث بإمكان البنوك الإسلامية في فلسطين تبنية وتطبيقه لتحسين مرونتها المؤسسية. يتألف هذا النموذج من بعدين تتضمن ثلاثة عشر مؤشراً فرعياً، البعد الأول هو القدرة على التكيف ويضم ثمانية مؤشرات فرعية وهي التقليل من الجمود، الموارد الداخلية، إِشراك الموظفين، المعلومات والمعرفة، القيادة، الابتكار والابداع، صنع القرار، والرصد والمتابعة وتقديم التقارير. أما البعد الثاني فهو التخطيط ويتضمن خمسة مؤشرات فرعية وهي التخطيط الاستراتيجي، خطط اختبار التحمل، الموقف الاستباقي، الموارد الخارجية، وأولويات التعافي.

من الممكن أن تتضمن الدراسات المستقبلية المزيد من المنهجيات القياسية بما في ذلك أبعاد ومؤشرات المرونة المؤسسية هذا بالإضافة إلى فهم مدى تأثير تطبيق اتفاقية بازل 2 وبازل 3 على تحسين المرونة المؤسسية في البنوك الفلسطينية.