

Understanding Islam's link with Corporate Social Responsibility and Sustainability By Umar Gill

"You are the best nation that has been raised up for mankind; you enjoin right conduct, forbid evil and believe in Allah"

(Qur'an, Surah Al-i-Imran, 3:110)

Corporate Social Responsibility (CSR) continues to be a concept that is intangible and difficult to pin down when building sustainable programmes in businesses. Since the 1950's major theorists and social advocates have worked exclusively on developing ideas and frameworks for companies to follow in their quest to become more 'business-society' friendly. Major theorists include Friedman (1970), Beauchamp and Bowie (1997), Carroll (1979, 1991, 1993 and 1999) and Wood (1991).

As a general development, six major theories on modelling CSR have emerged that include; Relativism (Self-Interest Based), Utilitarianism (Cost-Benefit Approach), Universalism (Intention based), Rights (Liberty Based), Distributive Justice (Justice-Based Wealth and Benefits Approach) and Eternal Law (Scripture-based).

From these a concept that can be noted is that Eternal Law considers the dealings with society as described in Divine Scriptures, a concept that will be addressed as we consider the role of Corporate Social Responsibility in Islam.

The scope of this paper is to briefly outline some of the major aspects of Islam which give consideration for businesses and their push towards Corporate Social Responsibility. It considers the belief system of Islam and how this belief has a significant underpinning of social behaviour. This undoubtedly has significant impacts on the behaviour of businesses in the MENA region which are looking to develop CSR programmes.

Is it possible that the recently emerged concept of Corporate Social Responsibility has always been with us a guideline handed to people through Islam?

Looking into the full social system outlined in Islam is a very detailed concept and beyond the scope of this paper. There are some notable works by Mohammed (2007), Bin Hossain and Siwar (no date given), Dusuki (2008) and Farook and Lanis (2007) which outline models for CSR in Islam in significant detail that help outline in detail the aspects of Islam that need to be considered by businesses attempting to building an Islamic based CSR programme.

Islam provides a basis and guideline for living one's life. Within this, there is a very detailed concept of ethical and social behaviour which allows us to deduce that the concept of social responsibility automatically has a role in Islam. This is a critical point that must be firstly understood as the role of moral ethics has been underpinned in Islam for over 1400 years whilst the concept of CSR remains relatively new for businesses today.

One of the major five deeds that are mandatory in a Muslim's life is that of charitable giving's, again underpinning that social behaviour is held in the highest esteem within an Islamic lifestyle.

This is further emphasized by the saying of the Prophet Mohammed (PBUH), as narrated in the Sahih Bukhari, a noted reputable source of Hadith:

"I have been sent only for the purpose of perfecting good morals"

(Sahih Bukhari, 1.56)

Islamic Religious Values and Beliefs stem solely from two major sources, the Holy Qu'ran and the Hadith, which is a compilation of the sayings and deeds of the Holy Prophet Mohammed (PBUH). From the Holy Qu'ran, we are also able to deduce the sacred law of Islam which is commonly known as the Shariah.

There are also three further areas of Islam that should be considered in the context of working towards a framework for Islamic Based CSR models. These are related to consensus or otherwise known as Ijma, analogical reasoning known as Qiyas and taking into consideration the public and their interests known as Maslaha.

This act of social manner is something that is not considered in normal business transactions today but nevertheless, the ideal format of CSR is without doubt set in the code of Islam as shown in the Holy Qu'ran and the Hadith.

Looking at this from a corporate viewpoint, we must firstly accept that the main problem that corporations face today, in a global sense and not restricted to the MENA Region, is the practical implementations of Corporate Social programmes from both an operational and basis of ethical underpinning viewpoints.

The first aspect to consider is the Islamic viewpoint on business. Firstly, looking at the lifetime of the Prophet Mohammed (PBUH) we can see that business is very much encouraged in Islam as the Prophet himself was a merchant dealer and many of his initial followers were also engaged in business activities. Indeed, the Holy Qu'ran states that

“Allah (SWT) has made business lawful for you”
(Holy Qu'ran, Surah-al-Baqarah, 2:275)

Additionally, we see in Islam that the business dealer who acts in the correct manner, with the highest degree of honesty has a special place within Allah (SWT)'s eyes, and is therefore rewarded for this. As a result, for a Muslim, business in the correct manner becomes a act of worship and this should provide further incentive for businesses in the MENA region to act accordingly.

Islam clearly shows us that the business deals of a person should not solely be financially based. There is an equal importance on the moral behaviour of the businessperson. A corporation that is deemed to be financially successful at the expense of good social conduct is unsuccessful. (Mohammed, 2007)

We also learn from the letters of the Caliphate, Ali ibn Abu Talib (R.A) those who were rightly guided to further Islam after the death of the Prophet Mohammed (PBUH) , that firms should protect themselves from advocating advertisement of wealth and pursuing for more wealth as greed develops. The Holy Qu'ran also states that one should look to do good deeds rather than chase world wealth or family status. This is not to be mistaken as Islam stating that a business should be solely ethical and that all financial gains should be curtailed. Islam states that a person's greed and covetousness should be curbed so that material possession does not consume him.

Islam also states that men should look after those who are weak or in destitution as stated Surah-an-Nisaa, 4:75 (Holy Qu'ran). It is within these deeds that people gain extra credence in the eyes of Allah (SWT).

Along with this, we can see that Islamic values go well beyond the social behaviour currently seen in today's era. Islam provides the ideal framework for CSR. It provides a basis for social wellbeing, good actions, welfare for those members of society who are less able and other aspects of high social codes. Islam also provides one further aspect of social responsibility that firms today do not usually take into consideration and that is on kindness and compassion.

Allah (SWT) states in the Holy Qu'ran that:

“If the debtor is in a difficulty, grant him time till it is easy for him to repay. But if you remit it by way of charity, that is best for you if you only knew.”
(Holy Qu'ran, Surah-al-Baqarah, 2:280)

Islam considers issues related to ethical behaviour as a significant part of moral order. The Qu'ran and the deeds or Sunnah of the Prophet Mohammed (PBUH) heavily emphasize that Muslim businessmen must act with high degrees of lawfulness and that good deeds in the sight of Allah (SWT), remain in the highest standing as noted in the Holy Qu'ran verse of Surah Al- Kahf, 18:46.

It is also possible to further add that the relationship between commercial activity and civil practices in Islam almost certainly prove that CSR is a natural component of Islam as practised by Muslims today.

What we see from the above is a clear set of standards developed in the root of Islam on how to not only govern one's life but also very clear standards on the governance of businesses, the practices of businessmen and the aspects of decision making towards people and transactions.

Additionally, as noted above, it is possible to deduce that in areas of conflict, as shown in the balance of payments example, Islam clearly states that business practices should excuse the debtor if there is a difficulty upon them to pay. This is not simply just an action of kindness, another principle of Islam, but is also clearly a guideline to business practices, unknown and perhaps unfeasible from the businessman's viewpoint in today's society. The question now would be, is this truly unfeasible or is there a position for this type of business accounting or transactions in today's business environment?

Now we can further develop this paper, having given an original overview on Islam's correlation with CSR in general, to understand Islam's link with sustainability. Islam, as it is commonly known has the allowance of those things that are permitted (Halal) and those which are not permitted (Haram). These two concepts stretch from the dealings of the daily lives of Muslims, the food that is consumed by Muslims, the business transactions, in particular financial transactions that a Muslim conducts through to prohibition on cheating and price fixing, sales of Al-Gharar (risks, uncertainty, hearsay. These guidelines naturally have effects on business.

Islam states that business should deal with truthfulness, trading through mutual consent, a desire to earn in the correct or Halal manner, Generosity, Trust and fair treatment of others. These are just a selection of the business culture guidelines given by Islam.

Adding in one example from the Hadith here, we can see the virtue of truthful business practices and with these truthful sustainable practices of initiatives:

“The truthful merchant (is rewarded by being ranked) on the Day of Resurrection with Prophets, veracious souls, martyrs and pious people”
(Tirmidhi, Number 1130)

If any firm is simply entering into a CSR or Sustainability programme for economic gains, without real elements of truthfulness, trust or even intentions, then is it lawful for them to do this? – In this case and speaking Islamically, one can only say – Allah knows best.

Perhaps it is better for businesses wanting to engage in sustainability projects to consider the aspects of the project, including why they are doing it, who they are doing it for and who is benefitting from it to avoid any conflicts of interest.

As briefly shown by some examples derived from the Holy Qu'ran and Hadith, the correlation between Islam and ideal forms of Corporate Social Responsibility is significant. Mohammed (2007) states that there seems to be a high level of 'congruence between the ideals of social responsibility and justice and business transactions in Islam that has a resonance with prevailing notions of corporate social responsibility' and therefore CSR in Islam, and as practiced by Muslims is a natural concept and a responsibility of the practicing Muslim.

In conclusion, this paper has briefly outlined some of the points that underpin Islamic beliefs around the concept of Social Responsibility. The paper notes that Islam, which is developed by the Allah (SWT)'s words in the Holy Qu'ran and the sayings and deeds of the Prophet Mohammed (PBUH), significantly advocates and governs that ethical morals and high levels of social responsibility is a fundamental concept to be undertaken by all Muslims and thus is a responsibility of Muslim businesses. This is a responsibility that has been given to the world for more than 1400 years and remains as important today as it did then.

From some of the points mentioned, we can already gauge that the social morals and virtues described in Islam, coupled with the fact that these morals are a way of life that Muslims should adhere to, fully indicates that social responsibility is extremely important and therefore it has a direct influence on businesses behaviour in Islam also.

Additionally, we can see that those aspects of sustainable business practices, which remain to be a cause for concern in the mind of executives, have an answer in Islam. We see standards for billing and checking, dealing with aspects of conflicts and finally how to make decisions using Islamic principles. Insofar as this paper has developed this vast topic, we can see clearly that Islam has the concepts that would be good for the roots of our ethical and sustainable businesses also.

To further develop upon this (and as an area for future study), it is important to now consider how the guidelines present in Islam can be put into a structure manner to allow for easy application as the fundamentals for good social behaviour are present in Islam and have been for 14 centuries.

It is of no doubt that any business looking to really understand the best way in which to implement a CSR programme within the MENA Region or anywhere else in the world, they should turn to Islam for the understanding of a complete framework of ethical behaviour.

References

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