Corporate Social Responsibility:
The Perspective of Orthodox Islam

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ABSTRACT

The existing literature on Corporate Social Responsibility (CSR) and Islam shows that researchers have tried to understand Islamic perspectives on CSR either by directly engaging with the sources of Islam or from the practices of Muslims. The views of orthodox Islamic scholars have been ignored even though many Western academics on Islam have argued that it is this group of individuals that shape and represent the authoritative understandings of Islam on any particular issue including CSR.

This thesis brings this ignorance to an end. In it, I conceptualize normative Islamic CSR from the understandings of orthodox Islamic scholars using a qualitative research interview based methodology approach of phenomenology that is used in CSR research (see Khan and Lund-Thomsen, 2011). The study’s phenomenological data was generated by conducting face to face interviews with orthodox Islamic scholars (including several prominent ones) located in Pakistan.

Analysis of the above mentioned data leads to the study’s major contributions to the Islam and CSR literature which are as follows: i. a comprehensive framework of Islamic CSR from the perspective of orthodox Islamic scholars; ii. an Islamic CSR continuum to categorize organizations based on their corporate social performance; iii. orthodox Islamic scholars’ views on the gap between Islamic CSR theory and practices of Muslim businessmen; and iv. incompatibility between Islamic teachings as understood by orthodox Islamic scholars and the ten principles of the UN Global Compact relating to responsible business. All these contributions challenge the existing understandings on Islam and CSR in Western academia and provide an additional alternative non-Western perspective in CSR research. In this way, the thesis enriches and extends the conversations of CSR and Islam in Management and Organization Studies.
DEDICATION

“With the name of Allah, the All-Merciful, the Very-Merciful”

I would like to dedicate this dissertation to my mother and my late father. Without their prayers and support, I would not have been able to complete my doctoral studies.
ACKNOWLEDGEMENTS

First and foremost, I thank Allah, the All-Merciful and the Very-Merciful, for giving me patience and strength to complete my dissertation. Without His blessings, I would not have had the physical strength or wisdom to complete this work.

Many individuals helped me during my doctoral studies at Lahore University of Management Sciences, to whom I remain forever indebted. I would particularly like to express my deepest gratitude to Dr. Farzad Rafi Khan for his continuous guidance, help and support. It has been an honor to be his doctoral student. He is the best mentor, teacher and guide I have ever known in my life. I cannot thank him enough for everything he has done for me in all these years.

I would also like to thank Dr. Adnan Zahid for taking over the supervision of my dissertation after Dr. Farzad Rafi Khan left Lahore University of Management Sciences to join Karachi School of Business and Leadership. He, along with, Dr. Junaid Ashraf and Dr. Mohsin Bashir provided me valuable feedback that massively improved quality of the dissertation. I could not have asked or hoped for a better dissertation committee.

I am also grateful to all my friends and colleagues for their support and prayers during my doctoral studies. Among all, I would especially like to thank Dr. M. Abdur Rahman Malik for his support and guidance in the last eighteen months. His presence at LUMS has proved to be a huge blessing of Almighty Allah on me.

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1. INTRODUCTION

The discussions on social responsibilities of firms have been taking place for the last two hundred years (Banerjee, 2007). However, it was only after late 1970s that business and investment community started to take it seriously, and within the next couple of decades, the concept of corporate social responsibility (CSR) became a universally accepted idea (Lee, 2008). Most international organizations such as the World Bank and the United Nations have now established divisions to promote the idea of CSR. Similarly, the percentage of Fortune 500 companies, mentioning CSR as an important element in their organizational goals, increased from 50% to 90% in these twenty years (ibid). By the end of the first decade of the new millennium, CSR developed from an irrelevant and non-serious idea to one of the most widely accepted concepts among the business and academic community (Aguinis and Glavas, 2012; Carroll and Shabana, 2010; Maon et al., 2010; Lee, 2008; Cone, 2003).

However, as Lee (2008) noticed, the increase in recognition of CSR as a topic came at an expense of a change in its internal conceptualization and meaning. Research focus shifted away from the ethical side of CSR (i.e., what corporations ought to do for society) to its more pragmatic side where scholars became increasingly interested in determining the relationship between CSR and corporate financial performance. This change of focus was also accompanied by a change in the unit of analysis. The literature became more concerned with examining the CSR dynamics at the firm level (e.g., does CSR pay) as opposed to the societal level (e.g., impact of CSR on the wider society).
Due to these shifts in unit of analysis and the use of different theoretical concerns (i.e., pragmatic and financial rather than ethical) to study CSR, the literature ended up lacking consensus in meaning, conceptualization, and outcome measuring methods (Aguinis and Glavas, 2012; Carroll and Shabana, 2010; Peloza, 2009; Mohammed 2007; Carroll, 1999). Such dissensus was further aggravated by bringing in a plethora of theories into the CSR field without expending much effort in integrating or creating a conversation between them. Some of the theories introduced to further make sense of CSR include stakeholder theory, institutional theory, resource-based view of the firm, legitimacy theory, instrumental theory, social contract theory, theory of the firm and stewardship theory (Lindgreen and Swaen, 2010; Dusuki, 2008; Windsor, 2006).

The use of multiple theories emanating from altogether different disciplines in social sciences has resulted in the definition of CSR becoming a contested terrain. It ranges from a narrow view of simply adhering to the law to a broader one of solving societal problems. Nonetheless, as judged by the world of practice, there appears to be an emerging consensus on a broader view of CSR. The rhetoric of practitioners seems to indicate that a corporation has much more responsibilities than merely making profits. For our purposes, we will use the definition of CSR offered by Aguinis (2011: 855): “context-specific organizational actions and policies that take into account stakeholders’ expectations and the triple bottom line of economic, social and environmental performance”. This definition seems to be in line with the broader view of CSR and is being quite widely adopted by the most current and recent research on CSR (Aguinis and Glavas, 2012; Bauman and Skitka, 2012).
Given the above mentioned interest in CSR among academics it is no surprise to note that the large number of articles published in this burgeoning field. To take stock of the extant knowledge on CSR, numerous literature reviews have been published (Aguinis and Glavas, 2012; Du et al., 2010; Maon et al., 2010; Wood, 2010; Carroll and Shabana, 2010; Dahlsrud, 2008; Lee, 2008; Bakker et al., 2005). These reviews have examined various strands in the CSR field such as CSR communication and disclosure, CSR implementation, stakeholder engagement, CSR performance measurement, as well as general overview of the entire CSR field.

The aim of this work is not to produce another review on CSR given the above cited reviews that have been published. For those who are interested to have a holistic view of the research done in the field of CSR, the review done by Aguinis and Glavas (2012) can be quite helpful. Instead of a generic review on CSR, we will focus on documenting a particular conversation in this area which has not been reviewed, namely ‘CSR and Islam’.
2. LITERATURE REVIEW AND RESEARCH QUESTIONS

2.1 The Importance of Religion and Islam for CSR Research

Religion has entered in the academic discourse of business management including the field of CSR quite recently (Ramasamy et al., 2010). It is now commonly believed that religion considerably influences and shapes the values and lifestyles of human beings (William and Zinkin, 2010). By influencing these human values, religion has brought about consequences in human life ranging from the psychological to the economic (Jones, 1997; Emmons and Paloutzian, 2003). Therefore, numerous studies have been carried out in the social sciences especially in the fields of psychology and sociology to understand the impact of religion/religiosity on different facets of human life (Davie, 2013; Nelson, 2009; Emmons and Paloutzian, 2003; Sherkat and Ellison, 1999).

Contrary to these more established social science disciplines, management research has not adequately studied religion and its impacts on the world of organizations and management (King, 2008). This is in spite of the fact that the majority of people including those working in organizations have religious affiliations (ibid). As for the little research that has been done on religion in management and organization studies (MOS), the most prominent appears to be Max Weber’s work that examined the role of Calvinism in the development of capitalism in the West (Parson, 2001). Among the twenty most influential publications in the field of management and religion identified by Gundolf and Filser (2013), Weber’s study, by far, is the oldest scholarly work. Surprisingly, the second oldest most influential publication was published in 1978 (Burns, 1978). The gap between first and second oldest publications is huge considering

4
the fact that Weber actually wrote his work in 1904-1905. Since the late 1970s, the above trend has changed substantially to the point where religion is now being taken seriously by scholars in the management field as judged by the number of recent articles in top management journals exploring the themes of religion in an organizational context (Tracey, 2012).

CSR scholars have also started taking note of religion and a small but growing conversation has started looking at CSR and Islam. CSR scholars give numerous reasons why their field needs to pay attention to Islam. One major reason offered by them is on the basis of demographics. Islam is the second largest and fastest growing religion in the world with a population of 1.6 billion which is 22.74% of world’s population (Beekun and Badawi, 2005). According to research done by Pew Research Center in 2010, Muslims are more than 50% of the population in 49 countries of the world (Pew Research Center, 2011, Muwazir, 2011). Furthermore, about 74% of Muslims around the world, i.e. 1.2 billion people, live in these 49 countries (ibid). These figures indicate that Islam is an important force for many people around the world, particularly in the Muslim world. Thus, CSR research done about that world that ignores Islam will end up giving a partial and incomplete picture of CSR dynamics unfolding in that world.

Understanding Islam is also important, according to CSR scholars (e.g., Rice, 1999), because of economic factors. Muslims are among the wealthiest consumers in the world. Moreover, some of the Muslims countries contain a major share of the world’s oil reserves. With Muslims playing such an important role in the world economy as both consumers and producers it behooves CSR research to pay attention to how this economic power mediated by religious principles engages with and articulates CSR. Islamic banking is an excellent example of such an engagement. Muslim investors expressed their understandings of CSR by using their economic
power and their social responsibility principles stemming from their religious convictions to create an alternative interest-free banking paradigm in global finance which they felt was more socially responsible and in tune with their Islamic teachings than conventional interest-based banking (Dusuki and Abdullah, 2007b; Erol and El-Bdour, 1989).

Finally, I would argue that scholars need to pay attention to Islam in CSR because it can help address a major limitation of CSR research identified by Lindgreen and Swaen (2010) and other CSR scholars (e.g., Lee, 2008) who noted that although CSR has gone global, the research in CSR is still very much Western. Based on this limitation, these scholars have called for future studies to be carried out in diverse institutional contexts to examine how CSR is practiced and perceived there. Looking at Islam and how it articulates CSR appears to be one rather robust way of responding to this call. After all, CSR scholars themselves acknowledge that Islam provides clear guidelines to Muslims on how to run their businesses (Beekun and Badawi, 2005; Rice, 1999). There are explicit and detailed instructions in Islam regarding the expected behavior of businessmen towards the societies in which they live (Zinkin and William, 2006). Thus, by examining how CSR is articulated by orthodox Islamic scholars, I will be adding an alternative non-Western perspectives into CSR research thereby reducing its Western ethnocentric bias and thus helping address a major limitation of the field.

2.2 CSR and Islam: Mapping the Existing Conversation

The importance of Islam for CSR has not been lost on CSR scholars. In fact, a small but growing body of literature on CSR and Islam has begun to develop in MOS. Below I will review this literature relating to CSR and Islam that is situated in mainstream management and
organization studies (MOS) related journals. As the first step of this literature review, general growth of publications containing words ‘Islam’ and ‘Corporate Social Responsibility’ was examined. By using the feature of advance search in Google scholar, I wrote ‘corporate social responsibility Islam’ and noted down the number of search results from all kinds of journals in ten years time periods, starting from 1940 (Table 1 and Fig. 1). Results, as mentioned in table 1 and figure 1, reveal that publications containing both the words ‘Islam’ and ‘Corporate Social Responsibility’ have increased at a tremendous rate in the last twenty years or so.

**Table 1: Number of Publications Containing CSR and Islam**

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<th>Years</th>
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After examining the overall growth in publications containing both ‘Islam’ and ‘Corporate Social Responsibility’, I selected 28 top journals by combining journals analyzed in two key studies on religion and management research by Gundolf and Filser (2013) and Tracey (2012). Google Scholar was again used to search the required data. I mentioned names of every journal along with mentioning ‘corporate social responsibility Islam’ in the section of “find articles with all of the words” and obtained results. The results were obtained in brackets of five years starting from 1971.

The results shown in table 2 reveal that, with the exception of a few journals, there were very few publications in other journals containing the words ‘Islam’ and ‘Corporate Social Responsibility’. In five selected journals, no article was published from 1971 to 2015 containing words ‘Islam’ and ‘Corporate Social Responsibility’. From this analysis, it appears that
a discussion on Islam and CSR is not widespread in the Management and Organization Studies (MOS) field but is rather clustered in a handful of journals with the bulk of the conversation taking place in journals related to business ethics.

Table 2: No. of Articles, in which “Islam” and “Corporate Social Responsibility” have been mentioned

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<td>Management Science</td>
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<td>0</td>
<td>0</td>
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<td>0</td>
<td>3</td>
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<tr>
<td>Strategic Management Journal</td>
<td>0</td>
<td>0</td>
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In order to have a comprehensive understanding of the extant discussion on Islam and CSR, I expanded the literature search on the articles relating to Islam and Corporate Social Responsibility. First, articles were searched containing the words ‘Corporate Social Responsibility’ and ‘Islam’ in their ‘abstracts’. This search was conducted by using the online research databases ‘Sage Journals Online’, ‘EBSCO Host’, ‘Wiley Interscience’, ‘Science Direct’, ‘Emerald’ and ‘JSTOR’. The additional articles found from these databases were added to the existing list of articles that were identified by the previous search effort that looked at the top journals in MOS. Next, additional articles were searched by using ‘Google Scholar’ with words ‘Corporate Social Responsibility’ and ‘Islam’ in the title of article. Lastly, during the analysis of these articles, I carefully looked for any articles which are repeatedly cited in those studies but missing in my collection of article. Doing all these various steps led to 541 articles being identified that contained anywhere in them the words “CSR” and “Islam”.

The analysis of these articles found that most of the 541 articles identified above contained little or no discussion between Islam and Corporate Social Responsibility. These were excluded from this study. The excluded articles tended to be of three types: i) articles in which focus is on disclosure practices of CSR practices (some articles have not be excluded because they contained detailed discussions on CSR in Islam); ii) articles in which Islam was the name of either the main author or of any cited author (for example, Lee and Carroll, 2011; Belal and Roberts, 2010, Scarlata and Alemany, 2010); iii) articles in which ‘Islam’ and ‘CSR’ were not linked and discussed separately and in passing (for example, Schrempf, 2011, Kallio, 2007; Sheep, 2006; Saeed et al., 2001; Rice 1999). After excluding all these articles from our list, 30 articles were found that mainly covers main discussions on CSR and Islam. These articles were
either found in the MOS field or outside of it. They also varied in terms of whether they
adopted a normative or descriptive approach. Articles that were predominately theory pieces
looking at what is Islamically appropriate on a particular CSR topic or what “should” be done on
a particular CSR issue from an Islamic perspective were viewed to have a normative research
approach. Research that was primarily empirical in nature and was focused on what “is”
occurring in the world in terms of CSR and Islam was deemed to have a descriptive approach.
The practice of analyzing literature in descriptive/normative distinction is well established in
academic literature (Liar, 2015; Pup, 2012; Fukukawa, 2003; Werhane, 1994; Brown, 1993;
Resnik, 1985).

These articles can further be categorized in the field of journals they got published. In this
literature review, I have divided these articles in two categories, i.e., Management and
Organization Studies related journals (MOS Related Journals) and Non-Management and
Organization Studies related journals (Non-MOS Related Journals). Although the term
‘Management and Organization Studies (MOS) is used in the high quality published journals
(Vogel, 2012; Frenkel and Shenhav, 2006; Willmott, 1997; Alvesson and Willmott, 1992), there
does not appear to be a consensus view about the definition and boundary of the field. Thus, it
is important to explain how MOS and non-MOS related journals are distinguished from each
other in this review. For identifying articles published in MOS related journals, I used ABS
journal ranking and combined articles falling under two of its sections, i.e., ‘General
Management, Ethics and Social Responsibility’ and ‘Organisation Studies’. The articles which do
not fall in the category of MOS related journals are discussed under the section of non-MOS
related journals. The objective of such categorization is to provide the readers a more comprehensive view of literature on Islam and CSR.

In the remaining part of this section, I will provide a review of these articles by categorizing them keeping in view nature of these studies (normative/descriptive) and where they got published. First, I shall review articles published in MOS related journals dividing them on whether they adopted a normative or descriptive approach. After reviewing the MOS field, I will then review the articles on CSR and Islam published outside the MOS field once again dividing up and treating separately those articles that are normative as opposed to those that are descriptive in orientation. Doing so, I hope to cover most of the major works done explicitly on CSR and Islam both within and outside of management and organization studies (MOS).

2.2.1 Articles Published in MOS Related Journals Using Normative Approach.

The paper by Beekun and Badawi (2005) is one of the first papers written from an Islamic perspective in which responsibilities of firms are discussed. They argue in the article that normative Islam is the binding force between Muslims across the globe. Using all of the principles of Islamic Shari’a (i.e., the Qur’an, Sunna [sayings and deeds of the Prophet Muhammad ﷺ], Ijmaa [consensus of Islamic scholars] and Qiyaas [reasoning by means of analogy]), they present parameters of a normative model of Islamic Business Ethics. Furthermore, they claim that this model tries to balance the needs of organizational stakeholders in a better way than conventional stakeholder management models. They also explain the mechanism through which their Islamic model of stakeholder management can be enforced.
According to Beekun and Badawi (2005), although organization is a fictitious entity, its owner and managers need to fulfill their responsibilities towards a number of stakeholders. First, the owner and managers of the firm are bound by Islam to safeguard shareholder’s investments and to use them in permissible business activities. Second, they need to ensure merit in hiring and firing of employees. Furthermore, the privacy of the employees should be ensured as well as they should be provided with excellent work conditions and fair wages. Third, transparency and honesty should be aimed in relationship with supplier and buyers and no illegal and immoral action (e.g., bad-mouthing) should be taken against competitors. Last, the abuse of the natural environment should not be done in any way. Firms should take special care of the issues related to pollution and public safety. The authors claim that an individual’s love of the Creator and desire to make Him happy are the more efficient enforcement mechanisms than laws to ensure fulfillment of these rights.

While Beekun and Badawi (2005) compared Islamic stakeholder management with its Western counterpart, Graafland et al (2006) compared Islamic teachings on business ethics with socially accepted Dutch principles on socially responsible business conduct (SRBC). They highlighted three main business values of Islam, i.e. freedom, justice and equitable distribution of wealth. Muslims are free to own property and doing businesses of their choice within the boundaries set by Islamic Shari’ah. The principle of justice means abiding by the contracts made with others. Last, equitable distribution of wealth is ensured through Zakat (a religious tithe on wealth in Islam). Based on these principles, it is expected that an Islamic businessman should be lenient to his fellow beings, should be driven by a service motive, and remember Allah in all his dealings. He should be kind to his debtors, team members, subordinates, and other people. The
service motive means to be kind to the community and remembering Allah all the time means putting spiritual duties on top of business commitments. The authors noted that Islamic principles on SRBC highly corresponded with generally accepted business principles in Netherlands with some differences. For example, Islamic teachings provide clear rules and regulations to follow as compared to Dutch principles which are more ambiguous in nature leaving how they are to be understood and applied to the discretion of the individual. Furthermore, the authors contend that Islam forbids much more business activities than Dutch principles on SRBC.

In another very important study, Zinkin (2007) tried to understand the low concern of Muslims for corporate social responsibility by considering and evaluating tenets of Islam as the possible explanation. The author compared Islamic teachings (by using direct quotes from the Qur’an and the Sunnah complemented with scholarship produced by renowned Islamic scholars) with the UN Global Compact’s ten principles relating to areas of human rights, labor, environment, and anti-corruption. Convergence was found between tenets of Islam and the UN Global Compact’s ten principles, with only one possible divergence of non-recognition of a corporation as a legal person by Islam. Zinkin (2007) concluded that Islamic normative principles are not responsible for the low concern for CSR among Muslims. He further argued that further studies in the area of CSR and Islam that show the compatibility between Islamic and Western normative principles can minimize the difference between Islam and the West and thus can help avoid a possible ‘clash of civilizations’.

Zinkin followed up his 2007 article with another study on CSR and Islam co-authored with William (William and Zinkin, 2010). They examined an Islamic perspective of CSR and critically
compared and evaluated Islamic teachings on CSR with the ten principles of the UN Global Compact. They concluded that, with a few areas of exception, Islam has superior standards as compared to the UN Global compact’s ten principles in three principal ways. First, the transparency requirements set by Islam for firms in dealing with its stakeholders and its concern for employees is far greater than the minimum standard set by UN the Global Compact. Second, Islam clearly identifies for believers the permissible areas for business (halal) and non-permissible areas of business (haram). For example, Islam does not allow its believers to do business related to alcohol because it considers it to be contrary to the collective good of the community. Third, Islam has a clear enforcement mechanism for its model in Shari‘a through community enforcement and the conscience of individuals that they are accountable to their Creator and will be questioned on Day of Judgment. The authors considered ‘equal treatment of women’ as one divergent area as Islam has different teachings on this topic as compared to the UN Global Compact based on Western secular values. The authors concluded their article with the same conclusion as Zinkin (2007) that, apart from the possible non-recognition of the corporation as a legal entity in Islam, there are considerable similarities between Islamic teachings and the UN Global Compact’s ten principles. Therefore, they encouraged further research should be done in this area for a better understanding of CSR in a global context and to avoid a possible clash of civilizations.

In another important study, Khatun and Alautiyat (2012) analyzed the principles governing CSR activities of a business organization and presented a framework for managers working at corporate governance level in order to help them in analyzing their CSR practices from Islamic perspective. They concluded that the concept of CSR is inscribed in the teachings of Islam and
therefore every Shari’a abiding organization must engage in CSR activities. They also put
forward recommendations to effectively operationalize CSR in business organizations. For
instance, they suggested that business organizations should make collaborations with
charitable organizations (e.g., awqaaf) in order to better contribute towards society.
Furthermore, they suggested that Islamic Financial Institutions (IFIs) should take into account
CSR track record of their lenders before making the final decision and should support those
organizations which deal in environmentally friendly products.

Finally, Basah and Yusuf (2013) used sources of Shari’a to first elaborate the concept of CSR in
Islam. According to them, the concept of CSR in Islam is based on the principles of Vicegerency,
Justice, and Benevolence. These principles should be reflected in CSR practices of any
organization that wishes to base these practices on Islam. While Basah and Yusuf (2013) had an
overall normative orientation to their paper they also nonetheless had some descriptive
content on CSR and Islam. This took the form of documenting the concepts of CSR espoused by
Islamic banks. The authors concluded that Islamic banks fall short of the normative CSR ideals in
Islam that they have articulated in their paper. They concluded their paper by recommending
Islamic banks to exhibit more proactive CSR policies so that their contribution towards society
ends up being superior to conventional banks. The table below (table 3) summarizes the key
features of the articles published in MOS about CSR and Islam from a normative approach and
provides more detailed information about them.
<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Title of Paper (Journal/Book)</th>
<th>Research Approach</th>
<th>Field</th>
<th>Research Question / Objective of Study</th>
<th>Methodology (for Empirical Work) / Structure of Paper (For Normative Work)</th>
<th>Sample Size</th>
<th>Country/Region</th>
<th>Findings</th>
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<tbody>
<tr>
<td>Basah and Yusuf, 2013</td>
<td>Islamic Bank and Corporate Social Responsibility (CSR). <em>European Journal of Business and Management</em></td>
<td>Normative</td>
<td>MOS</td>
<td>Analysis of the relationship between CSR Performance and Islamic Principles of Islamic Banks.</td>
<td>The author has used sources of Shriah (Qur’an, Sunna, and other Published sources) to first elaborate the concept of CSR in Islam and highlighted the principles of Vicegerency, Justice, and Benevolence, which should be reflected in any Islamic Organization’s CSR practices. Afterwards, the authors contrasted the characteristics of Islamic and conventional banks, and the concept of CSR with reference to Islamic Banks.</td>
<td>N/A</td>
<td>N/A</td>
<td>The concept of Islamic Banks demands that Islamic Banks should exhibit more proactive CSR policies, and its performance towards society should be superior to conventional banks.</td>
</tr>
<tr>
<td>Khatun and Alautiyat, 2012</td>
<td>Corporate Social Responsibility: An Islamic Perspective. <em>International Journal of Business and Technopreneurship</em></td>
<td>Normative</td>
<td>MOS</td>
<td>To provide guidelines to Muslim managers working at corporate governance levels regarding Islamic perspective on CSR so that they can positively contribute towards betterment of Islamic world.</td>
<td>The author has presented an Islamic CSR framework and Islamic CSR and Stakeholders Model based on the already published work on the topic.</td>
<td>N/A</td>
<td>N/A</td>
<td>The authors have recommended that the corporations need comprehensive reassessment of their operations keeping in mind Islamic perspective on CSR. Furthermore, organizations and top management should provide full support in operationalizing Islamic CSR in their organizations. It is also suggested that IFI should take into account previous CSR track record of their lenders and should bind them to maintain required level of employer-employee relationships. Furthermore, they should prefer those clients who are involved in promoting environmentally friendly products.</td>
</tr>
<tr>
<td>Reference</td>
<td>Title</td>
<td>Methodology</td>
<td>MO</td>
<td>Description</td>
<td>N/A</td>
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<tr>
<td>William and Zinkin, 2010</td>
<td>Islam and CSR: A Study of the Compatibility Between the Tenets of Islam and the UN Global Compact. <em>Journal of Business Ethics</em></td>
<td>Normative</td>
<td>MOS</td>
<td>To compare the tenets of Islam with the 'Ten Principles' of responsible business as mentioned in the UN Global Compact. After briefly discussing the ten principles of UN global compact, the author went on to explain Islamic perspective on each of each of the ten principles in the areas of Human Rights, Labour, Environment, and Anti-Corruption.</td>
<td>N/A</td>
<td>N/A</td>
<td>The paper concludes that, with the possible exception of Islam’s focus on personal responsibility and non-recognition of the corporation as a legal person, which could undermine the concept of corporate responsibility, there is no divergence between the tenets of the religion and the principles of the UN Global Compact. Rather, Islam goes even further to provide clear guidelines for ethical standards and enforcement mechanisms.</td>
<td></td>
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<tr>
<td>Zinkin, 2007</td>
<td>Islam and CSR: A Study of the Compatibility between the Tenets of Islam, the UN Global Compact and the Development of Social, Human and Natural Capital. <em>Corporate Social Responsibility and Environmental Management</em></td>
<td>Normative</td>
<td>MOS</td>
<td>To examine the tenets of Islam as the possible reason for their lower score in socially responsible business behavior relative to non-Muslims by comparing the ten principles of UN Global Compact with those of Islam. Ten Principles of UN Global Compact have been discussed from Islamic perspective.</td>
<td>N/A</td>
<td>N/A</td>
<td>The paper concludes that, with the possible exception of Islam’s focus on personal responsibility and non-recognition of the corporation as a legal person, which could undermine the concept of corporate responsibility, there is no divergence between the tenets of the religion and the principles of the UN Global Compact.</td>
<td></td>
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<tr>
<td>Graafland et al., 2006</td>
<td>Islam and Socially Responsible Business Conduct: An Empirical Study of Dutch Entrepreneurs. <em>Business Ethics: A European Review</em></td>
<td>1st Part: Normative</td>
<td>MOS</td>
<td>To examine the similarities between Islamic Business Ethics and SRBC (Accepted business ethical principles in the Netherlands), and to examine the influence of Islam on the business practices of Dutch Muslim entrepreneurs.</td>
<td>48</td>
<td>Netherlands</td>
<td>There are huge similarities between the idea of SRBC in Netherlands and Islamic view of business with some notable differences. For example, Islamic teachings provide strict rules and regulations to follow as compared to SRBC in Netherlands which leave a lot of such cases on individuals. Furthermore, Islam forbids a lot more business activities relative to Dutch standards. Muslims entrepreneurs have found to have a positive view of SRBC but they are applying it in...</td>
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to the willing individuals. 50 Muslim entrepreneurs/managers from different business sectors took part in study.

| Beekun and Bandawi, 2005 | Balancing Ethical Responsibility among Multiple Organizational Stakeholders: The Islamic Perspective. *Journal of Business Ethics* | Normative | MOS | Outline the parameters of an Islamic model of Normative Business Ethics with the use of all four sources of Islamic Shariah. | N/A | N/A | The Islamic ethical system is a balanced and just system and respects the rights of all stakeholders without allowing for their exploitation in any way. |
2.2.2 Articles Published in MOS Related Journals Using a Descriptive Approach

In the empirical part of their study, which is the oldest work found in the research on CSR and Islam using a descriptive approach, Graafland et al (2006) developed a survey instrument containing questions on seven elements of Islam relating to different aspects of socially responsible business conduct (SRBC) accepted in Netherlands. Judgment and purposive sampling techniques were used to select the participants. The addresses of the individuals (with Turkish, Moroccan or Middle Eastern backgrounds) were obtained from the internet who were then contacted by the author with a request to participate in the study. The questionnaires were then sent only to the willing individuals. 50 Muslim entrepreneurs/managers in the Netherlands from different business sectors took part in the study. Graafland et al (2006) found out that although Muslims entrepreneurs have a positive view of SRBC but they tend to apply it in practice far less than non-Muslims managers.

The next empirical work on CSR and Islam was carried out by Brammer et al (2007). They were interested in examining the impact of religious denominations on attitudes towards CSR. Brammer et al. drew their results from a large sample size of 17,000 individuals from 20 different countries. These countries included Muslim countries as well. The findings of their study revealed that although religious people and non-religious people have generally similar view towards CSR, they tend to differ with each other on ascribing different responsibilities towards corporations. The religiously inclined individuals were found to hold broader conceptions of social responsibility of business relative to non-religious counterparts. Moreover, religiously inclined persons generally did not hold corporations accountable for
environmental and social issues, and only considered poverty and human rights as the issues to be seriously dealt with by corporations.

A similar study to that of Brammer et al. (2007) was conducted by Uygur (2009) who explored the influence of religious beliefs of Turkish SME owner-managers on their work-related attitude. Uygur critically evaluated the concept of Islamic work ethics and work principles through in-depth interviews of 32 Turkish business people from both secular and religious backgrounds. The findings of his research suggest that most of the individuals of Islamic background are not in favor of any business or economic model put forward by religion and consider it to be unrealistic. The author concluded that the Turkish culture has its own characteristics and it is more influenced by ethical origins inherited from the Ottoman Empire rather than religion. The influence of religion on the practices of Turkish business was found to be not significant.

Another empirical study that used Turkish data was done by Tsalikis and Lassar (2009) where they expanded the Business Ethics Index (BEI) for the first time to two Muslim countries (Turkey and Egypt) to look for any differences with previously done studies carried out in Christian countries. The BEI measures consumer perceptions in a particular country regarding the level of social responsibility among business in that country. For Turkey, they used data of 2000 Turkish individuals. The sample size for Egypt consisted of 1100 individuals. In both instances the data was secondary in that it was collected from surveys already conducted by third parties such as polling firms. The overall BEI was found to be in the negative range for the both countries. The finding of their study reinforced the conclusion made by Graafland et al (2006)
that although Islamic teachings theoretically expect Muslims and corporations to be socially responsible the reality is quite the opposite.

The next notable empirical work on the CSR performance of IFIs was carried out by Aribi and Arun (2014). They interviewed eighteen senior managers working in senior management positions in nine different IFIs located in Bahrain to assess the understanding of the senior management regarding the understanding of CSR concept. Furthermore, they employed content analysis to analyze CSR practices of seven IFIs. They concluded that although senior managers working in these IFIs hold adequate understanding of the CSR concepts, corporate social performance of IFIs is below the expected level.

The most recent empirical work on CSR and Islam in MOS, carried out by Ali and Rahman (2015), compares the CSR practices of conventional and Islamic banks located in Bangladesh. The authors selected five conventional and five Islamic banks and used available secondary data for their analysis. They could not find any notable differences between CSR practices of conventional and Islamic banks. However, based on the data they used in their study, they claimed that CSR practiced were first adopted by Islamic banks and the conventional banks have actually followed Islamic banks in introducing CSR activities in their organizations. Further details about the above cited studies can be found in the table below (Table 4):
### Table 4: Articles Published in MOS Related Journals Using Descriptive Approach

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Title of Paper (Journal/Book)</th>
<th>Research Style</th>
<th>Field</th>
<th>Research Question / Objective of Study</th>
<th>Methodology (for Empirical Work)</th>
<th>Sample Size</th>
<th>Country/Region</th>
<th>Findings</th>
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<tbody>
<tr>
<td>Ali and Rahman, 2015</td>
<td>Corporate Social Responsibility Disclosure: A Comparative Study Between Islamic Banks and Conventional Banks in Bangladesh. <em>International Business and Management</em></td>
<td>Descriptive</td>
<td>MOS</td>
<td>To compare corporate social performance of Islamic and conventional banks.</td>
<td>The authors analyzed annual reports and other available secondary data of five conventional and five Islamic banks located in Bangladesh.</td>
<td>10 (Banks)</td>
<td>Bangladesh</td>
<td>The authors found little difference in CSR disclosure of Islamic and conventional banks. It is claimed in the article that Islamic banks started practicing CSR in Bangladesh and conventional banks have followed CSR practices of Islamic banks.</td>
</tr>
<tr>
<td>Aribi and Arun, 2014</td>
<td>Corporate Social Responsibility and Islamic Financial Institutions (IFIs): Management Perceptions from IFIs in Bahrain. <em>Journal of Business Ethics</em></td>
<td>Descriptive</td>
<td>MOS</td>
<td>To assess corporate social performance of IFIs.</td>
<td>The authors conducted 18 semi-structured interviews of senior managers working in nine different IFIs.</td>
<td>18</td>
<td>Bahrain</td>
<td>Although senior managers are found to have clear understanding of Islamic CSR values and requirements, CSR performance of IFIs is below the required level.</td>
</tr>
<tr>
<td>Tsalikis and Lassar, 2009</td>
<td>Measuring Consumer Perceptions of Business Ethical Behavior in Two Muslim Countries. <em>Journal of Business Ethics</em></td>
<td>Descriptive</td>
<td>MOS</td>
<td>Business Ethics Index (BEI) has been expanded to Turkey and Egypt (two Muslim countries) to examine any differences with previously done studies carried out in Christian countries.</td>
<td>Turkey: Data has been used from a survey of 2000 Turkish nationals done by TNS PIAR (a nationally representative survey of 18+ individuals). It is face to face pen and paper omnibus survey. Egypt: Data has been used from face-to-face interviews, using pen and pencil at homes of 1100 male and female respondents, belonging to all socio-economic classes, done by SYNOVATE. The age of the respondents ranged from 16 to 59 and located in both rural and urban areas.</td>
<td>Turkey (2000)</td>
<td>Turkey (2000)</td>
<td>Turkey</td>
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<tr>
<td>Author(s)</td>
<td>Title</td>
<td>Methodology</td>
<td>hide</td>
<td>Language</td>
<td>Country</td>
<td>Description</td>
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<tr>
<td>Uygur, 2009</td>
<td>The Islamic Work Ethic and the Emergence of Turkish SME Owner–Manager</td>
<td>Descriptive</td>
<td>MOS</td>
<td>To Explore the influence of religious believers of Turkish SME owner-managers on their work-related attitude.</td>
<td>32</td>
<td>Turkey</td>
<td>Turkish culture has its own characteristics and it is more influenced by ethical origins inherited from the Ottoman Empire rather than the religion. The influence of religion on the practices of Turkish business has not found to be significant.</td>
<td></td>
</tr>
<tr>
<td>Brammer et al., 2007</td>
<td>Religion and Attitudes to Corporate Social Responsibility in a Large Cross–Country Sample</td>
<td>Descriptive</td>
<td>MOS</td>
<td>To Examine the impact of Religious Denominations on Attitudes towards CSR.</td>
<td>17243</td>
<td>20 Countries</td>
<td>Religious individuals hold broader conceptions of social responsibilities of business relative to non-religious counterparts. However, there are some differences based on religion and area of corporate social responsibility.</td>
<td></td>
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<tr>
<td>Graafland et al., 2006</td>
<td>Islam and Socially Responsible Business Conduct: An Empirical Study of Dutch Entrepreneurs</td>
<td>Descriptive</td>
<td>MOS</td>
<td>To examine the similarities between Islamic Business Ethics and SRBC (Accepted business ethical principles in the Netherlands), and to examine the influence of Islam on the business practices of Dutch Muslim entrepreneurs.</td>
<td>48</td>
<td>Netherlands</td>
<td>There are huge similarities between the idea of SRBC in Netherlands and Islamic view of business with some notable differences. For example, Islamic teachings provide strict rules and regulations to follow as compared to SRBC in Netherlands which leave a lot of such cases on individuals. Furthermore, Islam forbids a lot more business activities relative to Dutch standards. Muslims entrepreneurs have found to have a positive view of SRBC but they are applying it in practice far less than non-Muslims managers.</td>
<td></td>
</tr>
<tr>
<td>Willian and Zinkin, 2005</td>
<td>Doing Business with Islam: Can Corporate Social Responsibility be a Bridge Between Civilizations?, Mimeo (Nottingham)</td>
<td>Descriptive</td>
<td>MOS</td>
<td>To measure attitudinal differences between Non-Muslims and Muslims</td>
<td>20,000</td>
<td>21 Countries</td>
<td>It is revealed that Muslims are less concerned than non-Muslims towards CSR, and the differences do not appear to be explained through socio-political, demographic, or</td>
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</tbody>
</table>
regarding CSR, and to discuss the possibility of CSR to act as bridge between the two civilizations.

Nonetheless, Islamic teaching on business ethics is in line with CSR agenda, and Islamic law required high moral standards from all stakeholders.
2.2.3 Articles Published in Non-MOS Related Journals Using Normative Approach

The conversation on CSR and Islam from a normative approach in non-MOS journals appears to begin with Farook (2007) who examined the topic in the context of Islamic banking. He proposed a definition of social purpose of Islamic banks from Islamic principles of distributive justice and social equity. He used sources of Shari’ā (Qur’an, Sunna, and published works on Islam) to elaborate the basis of Islamic Corporate Social Responsibility (ICSR). Farook argued that Islamic Banks ought to be socially responsible because of two interrelated reasons. First, they exist as a financial institution which fulfills collective religious obligations (e.g., financing business transactions without recourse to interest), and second, because of their important position as a financial intermediary. He argued that Muslims are: a. vicegerents of God; b. accountable on the Day of Judgment; and c. have to implement Divine orders relating to Haram (prohibitions in Islam) and Halal (required and recommended activities in Islam). These three attributes according to Farook become the basis for an Islamic CSR. For corporations, this means pursuing actions that are both mandatory (e.g., investing in halal businesses, responsible dealings with clients, providing employees environments free from any discrimination and exploitation and so forth) and recommended (e.g., giving people interest free loans, investing in social impact based projects, funding projects which are environmentally friendly, and so forth).

Dusuki and Abdullah (2007) used a different approach to that of Farook (2007) to discuss Islam and corporate social responsibility. They offered an Islamic model of CSR by using the concept of maslahah (the public good) in light of maqasid al-Shari´a (the Shari´a’s Objectives). They claim that this model not only fulfills gaps in both Islamic and Western scholarly literature on Islamic CSR, it also eliminates the inherent contradiction in the Western concept of CSR. The
problem in the Western concept of CSR arises when managers try to implement this concept and face trade-offs when selecting between competing CSR objectives (e.g., spending money on workers or taking care of the environment).

Such dilemmas according to Dusuki and Abdullah are resolved by their model which prioritizes CSR objectives. After a detailed discussion on the principles of *maslahah* and *maqasid al-Shari‘a*, the authors present *maslahah pyramid* with three levels. At the first level, the firm tries to fulfill essential needs of its stakeholders. These needs include religion, life safety, and the general public good. Upon fulfillment of the first level, the corporation should move to the next level called the complementary level. At this level, corporations should try to fulfill those needs which are not generally considered essential such as continuous training programs and superb working conditions not considered essential from a healthy or safety perspective. At the highest level, the embellishment level, corporations are expected to engage in those programs through which public life could be further improved towards realizing the perfect society. The *maslahah* pyramid is in effect based on Islamic teachings according to the authors where individuals and corporations should put public interest on top of their own private interest and earning profit should not be their main goal. Dusuki and Abdullah thus conclude that the concept of CSR is deeply inscribed in the teachings of Islam. Any organization which claims to follow Islamic principles should according to them naturally practice CSR.

Dusuki (2008), in another study, further elaborated the concept of CSR from an Islamic perspective this time by articulating a different model of Islamic CSR referred to as the *Taqwa* (God-consciousness) paradigm. He argued that we can understand the relationship of individual with God and society through a *Taqwa* paradigm. *Taqwa* paradigm states that an individual
must utilize all of his energies to develop his surroundings and should not merely focus on material needs. Second, God has given individuals freedom and it is in their volition to choose the right or wrong way. They can opt to become socially responsible or selfish individuals. This free will is a test from God and they will be answerable to their actions on the Day of Judgment. Third, human interaction should be based on justice, trust, and equity. Furthermore, economic outcomes should not be the basis of decision making. Fourth, wealth is a responsibility given by God to individuals. Therefore, they should spend it for the betterment of community rather than finding ways to maximize their wealth.

Based on this Taqwa paradigm, Dusuki (2008) argued that corporations in Islam have similar responsibilities towards communities and they should act accordingly. He presented a five level CSR continuum to show different approaches corporations take regarding CSR. Level 1 (Irresponsible) refers to a situation where a firm is only concerned about maximizing wealth and does not even hesitate in breaking laws to do so. Level 2 (Minimalist) refers to those firms which want to maximize profits without breaking the law. Friedman (1970) had a similar concept of CSR. Level 3 (Apathetic) refers to those firms which operate legally and also indulge in activities related to ethical responsibilities. These firms are involved in CSR related activities to maintain a mandatory level of ethical responsibility. Level 4 (Tactical) refers to companies which fulfill their social responsibilities. However, the managers of such companies are confused regarding what are the boundaries of philanthropy and ethical responsibility especially in cases where there is a clear trade off i.e. committing to such socially responsible activities which do not appear to have positive impact on performance. Level 5 (Taqwa centric) contains those firms which engage in CSR activities regardless of their financial outcomes.
According to the author, this is the highest moral position of CSR and every Islamic corporation is expected to show this level of CSR.

In another important study, Hassan and Latiff (2009) analyzed available secondary data about the corporate social performance of businesses and IFIs and presented a model to maximize the charity value of their CSR initiatives. They argued that business organizations should work in partnerships with other charitable organizations (e.g., awqaaf) in order to fully maximize the social impact of their contributions in improving conditions of the society. In this way, both business and charitable organizations can learn from the experience of each other. Furthermore, doing so will also help to improve corporate image of the organization and can provide justification for the investment in CSR activities.

Another study in this genre of normative approaches to Islamic CSR outside of the MOS field is the one by Aribi and Gao (2012). They used the Qur’an, Sunnah, writings of contemporary and classical Islamic Scholars as well as published works in Western academic journals. From this diverse literature they constructed an Islamic CSR which according to them provides clear guidelines regarding the responsibilities of corporations towards the community, customers, employees, and the environment.

Adnan Khurshid et al. (2014), in another study, extended CSR theory presented by Carroll (1979) by looking at each of the four dimensions of CSR (economic, legal, ethical and philanthropic) from Islamic perspective. They presented an Islamic CSR model and explained position of Islam on each of the four dimensions. According to the authors, making profit without harming others, obedience to Islamic law, following Islamic values and contributing towards betterment of societies is Islamic economic, legal, ethical and philanthropic
responsibilities. The authors also suggested that this model can be adopted by both Islam and non-Islamic businesses because of the common humanitarian grounds of both systems.

In another attempt to conceptualize Islamic CSR and the principles governing CSR practices, Zain et al. (2014) presented the concept of corporate *ibadah* by incorporating an important Islamic concept of *tawhid* and by integrating two important principles of *Maslahah* (public good) and *Maqasid Shari’a* (objectives of Shari’a). The concept of corporate *ibadah* is rooted in the dual system of accountability in Islam, i.e., even if organizations or managers escape from negative consequences of engaging in unethical activities in this world, they cannot escape from the accountability on the day of judgment. Consequently, this system of dual responsibility reduces the need of pressure groups and NGOs to force business organizations and promotes ethical behavior in business community.

In another recent attempt to theoretically conceptualize Islamic CSR, Jusoh et al. (2015) investigated the legitimacy of Islamic banks as artificial legal persons in light of the teachings of Islam in the light of the opinions presented by modern religious jurists. Furthermore, they analyzed the concept of Islam in the light of different verses of Qur’an and the sayings of Prophet Muhammad (ﷺ). The authors concluded that Islamic teachings allow the concept of Islamic banks as Islamic legal persons and place similar responsibilities on these legal persons as far as dealings with society is concerned. Moreover, engagement in CSR activities is obligatory rather than voluntary responsibility on Islamic business organizations and every *Shari’a* abiding company automatically performs CSR activities.

Another study and the most recent in this genre of normative approaches to Islamic CSR outside of the MOS field is the one by Arsad et al. (2012). The authors presented Islamic
perspective on four dimensions of CSR (workplace, environment, community and marketplace) in the light of objectives of Shari’ a and compared disclosure practices of Shari’ a compliant companies in the light of annual reports and other available secondary data. The authors concluded that although CSR is a western concept, Islamic teachings support welfare activities in all four dimensions of CSR. The only difference between Islamic and Western teachings is that engagement in CSR activities is obligatory in Islam. Furthermore, although disclosure of CSR practices is a voluntary activity, the authors urged Shari’ a compliant companies to ensure complete disclosure of the socially responsible activities as doing so will improve image of Shari’ a compliant companies in Muslim ummah. Further information about the above mentioned studies can be located in the table below (Table 5):
<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Title of Paper (Journal/Book)</th>
<th>Research Style</th>
<th>Discipline</th>
<th>Research Question / Objective of Study</th>
<th>Methodology (for Empirical Work /Structure of Paper (For Normative Work))</th>
<th>Sample Size</th>
<th>Country/Region</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arsad et al., 2015</td>
<td>Maqasid Shariah in Corporate Social Responsibility of Shari’ah Compliant Companies. Research Journal of Finance and Accounting</td>
<td>Normative</td>
<td>Outside MOS</td>
<td>To evaluate CSR practices of Shari’ah compliant companies from the perspective of objectives of Shari’ah in areas relating to workplace, community, environment and marketplace.</td>
<td>The authors analyzed four CSR dimensions in light of the objectives of Shari’ah and mentioned verses of Qur’an and Saying of Prophet Muhammad (ﷺ) in support of his analysis.</td>
<td>N/A</td>
<td>N/A</td>
<td>Engagement in CSR activities is obligatory on every Muslim as khalifa in this world. Shari’ah compliant companies should engage in and disclose their CSR activities as doing so is not only in line with the objectives of Shari’ah, it will positively improve the image of these companies.</td>
</tr>
<tr>
<td>Jusoh et al., 2015</td>
<td>An Islamic Perspective on Corporate Social Responsibility. Mediterranean Journal of Social Sciences</td>
<td>Normative</td>
<td>Outside MOS</td>
<td>To evaluate the concept of CSR from the perspective of Islam and to investigate the legal status of Islamic banks in the light of Shari’ah.</td>
<td>Qur’an and Sunnah are primarily used along with some fiqh books to analyze the concept of CSR in Islam. The legality of Islamic banks as a legitimate legal entity is understood from the work of modern day fiqh scholars.</td>
<td>N/A</td>
<td>N/A</td>
<td>CSR is fundamentally embedded in the teachings of Islam and every Islamic business is required to engage in CSR activities.</td>
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<tr>
<td>Zain et al., 2014</td>
<td>Corporate Ibadah: An Islamic Perspective of Corporate Social Responsibility. Middle-East Journal of Scientific Research</td>
<td>Normative</td>
<td>Outside MOS</td>
<td>To present a conceptual framework of Islamic CSR in light of Islamic teachings.</td>
<td>The framework is proposed by integrating and incorporating the concepts of tawhid (Unity of Allah), Maslaha (Public Good) and Maqasid Shari’ah (Islamic Law).</td>
<td>N/A</td>
<td>N/A</td>
<td>Organizations and managers need to do business in ethical manners. Otherwise, they will have to face accountability on the Day of Judgment. The accountability on the day of judgment weakens the need for pressure groups or NGO to pressurize corporations to engage in CSR activities.</td>
</tr>
<tr>
<td>Adnan Khurshid et al., 2014</td>
<td>Developing an Islamic Corporate Social Responsibility Model (ICSR). Competitiveness Review</td>
<td>Normative</td>
<td>Outside MOS</td>
<td>To develop an Islamic CSR model.</td>
<td>The authors have extended CSR theory presented by Carroll (1979) and have developed an Islamic CSR model in the light of Qur’anic verses and existing published literature on Islamic CSR.</td>
<td>N/A</td>
<td>N/A</td>
<td>All four dimensions of CSR (economic, legal, ethical, and philanthropic) have been discussed from the perspective of Islam. The ethical responsibility of Islamic organizations is to make profit without harming others, compliance to the teachings of</td>
</tr>
<tr>
<td>Authors</td>
<td>Title</td>
<td>Methodology</td>
<td>Literature</td>
<td>Data Source</td>
<td>Region</td>
<td>Criteria</td>
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<tr>
<td>Aribi and Gao, 2012</td>
<td>Narrative Disclosure of Corporate Social Responsibility in Islamic Financial Institutions. <em>Managerial Auditing Journal</em></td>
<td>1st Part: Normative Outside MOS</td>
<td>Examination of the influence of Islam on CSR and CSR Disclosure in IFIs with focus on Narrative Reporting.</td>
<td>Normative Portion: Authors have used Qur’an, Sunna, Islamic Scholars, and published work in western journals to explain the teachings of Islam regarding responsibilities towards environment, employees, customer, clients, and community. Empirical Portion: Content analysis approach has been used to analyze the narrative disclosures of CSR of 21 IFIs operating in the Gulf Region.</td>
<td>Gulf Region</td>
<td>Shari’a and Islamic values and contribute towards betterment of the members of society. The proposed Islamic CSR model is applicable for both Islam and non-Islamic business organizations because of the common humanitarian grounds of the two systems.</td>
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<td>Hassan and Latiff, 2009</td>
<td>Corporate Social Responsibility of Islamic Financial Institutions and Businesses: Optimizing Charity Value. <em>Humanomics</em></td>
<td>Normative Outside MOS</td>
<td>To explore any possibility of enhancing charity value of Islamic Financial Institutions.</td>
<td>The authors analyzed secondary data including published annual reports of IFIs, published articles and books on Islamic CSR and documents related to charitable organizations to come up with recommendations.</td>
<td>N/A</td>
<td>N/A</td>
<td>IFIs should, in collaboration with charitable organizations (for example, awqaf), contribute towards the betterment of society in addition to their core objective of making profit. This will not only give organizations a competitive edge, it will help to make this World a better place.</td>
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<tr>
<td>Dusuki, 2008</td>
<td>What Does Islam say about Corporate Social Responsibility? <em>Review of Islamic Economics</em></td>
<td>Normative Outside MOS</td>
<td>To examine the concept of Corporate Social Responsibility from Islamic Perspective.</td>
<td>After explaining the theories underpinning CSR and criticism on the existing theories, Dusuki has presented Islamic Perspective on CSR including a five level (from Level 1: Irresponsible to Level 5 Taqwa-Centric) CSR continuum.</td>
<td>N/A</td>
<td>N/A</td>
<td>The concept of CSR is deeply inscribed in the teaching of Islamic Shriah. Islamic teachings demands organizations to practice good CSR activities such as ensuring environmental and occupational safety, and managing philanthropic and socially beneficial programs. Islamic teachings demand businesses to behave in socially...</td>
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<tr>
<td>Author(s)</td>
<td>Title</td>
<td>Methodology</td>
<td>Context</td>
<td>Summary</td>
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<tr>
<td>Dusuki and Abdullah, 2007</td>
<td>Maqasid al-Shari‘ah, Maslahah, and Corporate Social Responsibility. <em>The American Journal of Islamic Social Science</em></td>
<td>Normative</td>
<td>Outside MOS</td>
<td>To offer an Instructive Understanding of Corporate Social Responsibility from Islamic Perspective, especially keeping in view maqasid al-Shari‘ah (the Shari‘ah’s objectives) and the application of maslahah (the public good). The authors have first explained objectives of Shari‘a and the principles of maslahah that provide a framework for managing the conflicts arising from the stakeholders’ dissimilar interests and expectations, and explained the implication and application of maslahah to CSR. Afterwards, the authors presented a framework for preventing <em>haram</em> with examples of their applications to various CSR-related issues. N/A</td>
<td>The concept of CSR is deeply inscribed in the teaching of Islam. Any organization, who claims to follow Islamic principles, should naturally practice CSR. The framework proposed, using the principles of <em>Maslahah</em> and Shriah, guide managers to manage the conflicts between multiple stakeholders, especially with respect to CSR.</td>
<td></td>
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<tr>
<td>Farook, 2007</td>
<td>On Corporate Social Responsibility of Islamic Financial Institutions. <em>Islamic Economic Studies</em></td>
<td>Normative</td>
<td>Outside MOS</td>
<td>To propose a definition of the social purpose IFIs from the principles of redistributive justice and social equity in Islam. The author has used sources of Shriah (<em>Qur’an</em>, <em>Sunnah</em>, and other Published sources) to first elaborate the basis of Islamic Corporate Social Responsibility (ICSR). Afterwards, he explained the notion of ICSR for IFIs, and explained mandatory and recommended forms of CSR. N/A</td>
<td>This study brings forwards two types of Islamic CSR (mandatory and recommended), and argues to develop a flexible ICSR which encompasses both these forms.</td>
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</table>
2.2.4 Articles Published in Non-MOS Related Journals Using Descriptive Approach

Moving to studies published in academic journals outside of the MOS field that use a
descriptive approach (i.e., relying on empirical data) the earliest appears to be published by
William and Zinkin (2005). In this study the authors sought to document attitudinal differences
between Non-Muslims and Muslims regarding CSR, and to discuss the possibility of CSR acting
as bridge between the West and Islam. William and Zinkin (2005) analyzed Islamic teachings for
corporate social responsibility and found them to be in line with Western conceptions of CSR.
They found that Islamic teachings regarding the expected role of firms, consumer issues,
concern for environment, non-discriminatory firm behavior, and transparency in transactions
with buyers and sellers were quite similar to the concept of corporate social responsibility
understood in the West. However, in the empirical part of their study about attitude
differences between Muslims and non-Muslims, based on a large sample of about 20,000
individuals from 21 countries, they found that Muslims are less concerned for CSR as compared
to non-Muslims irrespective of socio-political, demographic, and cultural factors. This was a
surprising finding considering the clear teachings by Islam about CSR and considering the
common belief among Muslims that Islam is a complete code of life governing all facets of life
including the conduct of business.

William and Zinkin (2005) give three possible explanations for this discrepancy. First, the great
importance placed by Islam on individuals could be one reason for lack of importance given by
Muslims to corporate responsibility. That is, Muslims view social responsibility as an individual
endeavor and thus not a responsibility of a collective such as a corporation. Second, the
concept of corporation as an artificial being with similar responsibility to the individual is not
allowed in Islam. Thus Muslims tend to think of responsibility from an individual perspective rather than from a corporate perspective as the corporation not having any actual existence cannot be said to have any responsibility. Therefore, the issue of corporate social responsibility does not arise in Muslim attitudes. Third, Western academia has failed to pass on the message of CSR to Muslim audiences and to show them the similarities between Islamic teachings and the Western concept of CSR. Williams and Zinkin (2005) urge the academic community to explore this fruitful area of CSR and Islam which they view possesses the potential of acting as a possible bridge between Islam and the West.

With the exception of William and Zinkin’s (2005) study, most of the empirical work done on CSR and Islam outside the MOS field has discussed this subject in the specific context of the Islamic banking and finance industry. This strand of CSR and Islam research from a descriptive approach outside the MOS field can be traced to begin with the paper by Sairally (2007). In that paper, she tried to measure corporate social performance (CSP) of Islamic banks to find whether there is any discrepancy between actual CSP and the ideal state the banks should have as stipulated by Islamic principles. As discussed above, Islamic banks are generally expected to enhance the overall wellbeing of society by following the injunctions of the Shari‘a regarding the responsibility of business to society. The criteria for the ideal CSR behavior expected from Islamic banks were derived from the Islamic economics literature. The empirical part of the study contained both qualitative and quantitative approaches. A questionnaire (with both open-ended and close-ended questions) was originally sent to 250 Islamic banks and NBFIs with a usable response rate of 20%. SPSS was used to study the quantitative data received from the institutions. Discourse analysis was also done of annual reports, website postings, and mission
statements of Islamic banks. The findings of the study reveal many discrepancies between the ideal and actual state of CSP of Islamic banks. First, Islamic banks were found not to circulate information about the criteria through which they make ethical decisions. Second, investment in companies which are known to be environment friendly has not found to be of any importance to Islamic banks. Third, there was hardly any serious commitment on part of Islamic banks towards community involvement and ethical hiring and firing policies. Fourth, although Islamic banks generally claim to be socially responsible, they were found to donate only 0-2% of their profits on community causes. Fifth, analysis of their vision and mission statements reveals that they rank economic responsibilities over CSR. The results show, according to Sairally (2007), that Islamic banks are not practicing CSR as the Islamic economics literature suggested they would when they were coming into being.

Another study that empirically examined CSR and Islam in the context of Islamic banking was carried out by Farook and Lanis (2007). They sought to measure the level of social disclosure of Islamic banks through an examination of their annual reports, and to ascertain a priori the determinants of social disclosure. Farook and Lanis (2007) obtained and analyzed annual reports of 47 fully fledged Islamic banks from 14 different countries for the years ending 2002 or 2003. They found that Islamic banks disclose little information regarding CSR. The findings also show that there are number of factors which influence level of CSR disclosure by Islamic banks. Location of Islamic banks was found to be an important cause of the lower disclosure level of CSR because they are located in politically and socially repressed societies that place less requirements on the part of institutions to share information and be transparent.
Apart from Islamic banks being studied in terms of whether they adequately disclosed their CSR activities, research has also looked at how stakeholders perceive social responsibilities of Islamic banks. Dusuki and Dar (2007) conducted a survey (with sample size of 1500) to elicit the opinion of seven stakeholder groups of 'Bank Islam Malaysia Berhad' and 'Bank Muamalat Malaysia Berhad' (two Islamic Banks) about whether they considered the banks to be fulfilling their CSR duties. The groups that were surveyed were: depositors, financing customers, branch managers, employees, regulators (Central Bank officers), Shari’a advisors, and local communities. A structured questionnaire comprising both open and close ended questions was designed and administered. The questionnaire was originally prepared in English and then translated into Malay (backward translation method) by an assistant from a third party fluent in both English and Malay to avoid translation bias and error. The findings of the study reveal that, first, shareholders hold positive views of CSR and consider CSR related factors and things done by Islamic banks as one of the reasons to choose these banks. Second, the findings suggest that concept of CSR is in-built in the conception of Islamic banks. Third, the values which guide Islamic banking’s outlook make them, according to those surveyed, entirely different from conventional banking.

Another study examining CSR and Islam in the context of Malaysia was undertaken by Siwar and Hussain (2009). They examined the relationship between the CSR concepts of Islam and the opinions of Malaysian Managers' regarding CSR by administering a questionnaire containing both open and close-ended questions. The questionnaire was distributed to 50 listed organizations (multinationals, government link, non-government link, SMEs) located in
Malaysia. The findings reveal that Malaysian managers tend to hold a view of CSR that overlaps considerably with what the study identified to be an Islamic view on CSR.

Since 2010, empirical work on CSR and Islam in non-MOS journals has returned to building on the work of Dusuki and Dar (2007) by investigating CSR disclosures in the Islamic banking industry. Hassan and Harahap (2010) examined whether there were any existing differences between an ideal CSR Disclosure Index (that provides guidelines for ideally reporting CSR) and the actual CSR disclosure practices in the annual reports of Islamic banks. They analyzed annual reports of seven Islamic banks located in Bahrain, Bangladesh, Indonesia, Malaysia, Saudi Arabia, Kuwait, and the United Arab Emirates. Hassan and Harahap (2010) noted that only one out of seven Islamic banks has found to have above average score in CSR disclosure. There was little CSR information provided by Islamic banks through their annual reports. The information regarding benevolent loans was also not satisfactory. The authors concluded that issues relating to CSR are not of any major concern to Islamic banks as judged by their CSR disclosure practices.

In a different study on the same topic of CSR disclosures in the Islamic banking industry, Aribi and Gao (2010) arrived at opposite findings to the work by Hassan and Harahap (2010). They made a comparison between conventional financial institutions and Islamic financial institutions on CSR reporting using a sample of 21 conventional financial institutions and 21 Islamic financial institutions. Aribi and Gao (2010) found common grounds in most of the disclosure themes between the conventional and Islamic financial institutions. However, Islamic financial institutions were found to provide more information to prove their ethical identity including details pertaining to the meetings of their Shari’a boards, interest free loans, and
donations. Moreover, Islamic financial institutions were also found to disseminate more negative information about themselves contrary to self-interested behavior championed in the world of finance. The authors argued that this could be explained by the Islamic principle of truthfulness. Other than these dimensions, there was not much difference found by the authors in the disclosed CSR information by conventional financial institutions and Islamic financial institutions.

Aribi and Gao’s (2010) research was followed by another paper by Farook et al. (2011). They developed and tested a model of the determinants of CSR disclosures for Islamic banks to measure the level of CSR disclosure in the annual reports of Islamic banks based on a benchmark that they derived from Islamic principles. Data about CSR disclosures was obtained from the annual reports of 47 Islamic banks located in 14 different countries (i.e., Bahrain, Bangladesh, Egypt, Iran, Jordan, Kuwait, Malaysia, Pakistan, Qatar, Saudi Arabia, Sudan, Turkey, UAE, and Yemen). The authors found significant variation in the results regarding CSR disclosure across the sample of Islamic banks. Regression results in the study revealed that "level of social and political freedom" and "the proportion of investment account deposits to total assets" are significant determinants of CSR disclosure (Farook et al., 2011; p. 114).

The most recent empirical work on CSR disclosures in the Islamic banking and finance industry with which we conclude our review of research adopting a descriptive approach on CSR and Islam in non-MOS journals is the article by Aribi and Gao (2012). In that paper, they examined the influence of Islam on CSR disclosures by Islamic Financial Institutions (IFIs). Aribi and Gao used a content analysis approach to analyze the CSR disclosure narratives of 21 IFIs operating in the Gulf Region. They came up with the finding that the major parts of CSR disclosure in Islamic
banking consist of reporting on: Shari‘a advisory board meetings; zakat and charity related activities including benevolent loans (loans with no legal obligation to repay); and information relating to employees, community, and philanthropy. Furthermore, the CSR activities documented in the disclosure narratives were largely in line with Islamic teachings. The authors thus concluded based on these findings that Islam has influenced the CSR activities of Islamic financial institutions including how they are reported upon or disclosed to various stakeholders. A summary of the key aspects of the various articles discussed in this section can be found in the table below (Table 6):
<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Title of Paper (Journal/Book)</th>
<th>Research Style</th>
<th>Field</th>
<th>Research Question / Objective of Study</th>
<th>Methodology (for Empirical Work) / Structure of Paper (For Normative Work)</th>
<th>Sample Size</th>
<th>Country/Region</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arbi and Gao,</td>
<td>Narrative Disclosure of Corporate Social Responsibility in Islamic Financial Institutions.</td>
<td>Narrative</td>
<td>Outside MOS</td>
<td>Examination of the influence of Islam on CSR and CSR Disclosure in IFIs with focus on Narrative Reporting.</td>
<td>Normative Portion: Authors have used Qur’an, Sunna, Islamic Scholars, and published work in western journals to explain the teachings of Islam regarding responsibilities towards environment, employees, customer, clients, and community.</td>
<td>21 IFIs</td>
<td>Gulf Region</td>
<td>Islam provides clear guidelines regarding the responsibilities of businessmen towards community, customers, employees, environments. Shari’a advisory board reports are the largest part of CSR disclosure produced by IFIs. The other sections which are disclosed by IFIs are relating to interest free loans, relating to Zakat, donations, their compliance with Islam in issues relating to philanthropy, community and employees.</td>
</tr>
<tr>
<td>Farook et al.,</td>
<td>Determinants of Corporate Social Responsibility Disclosure: the Case of Islamic Banks.</td>
<td>Descriptive</td>
<td>Outside MOS</td>
<td>To develop and test a model of the determinants of social disclosures for Islamic Banks and to measure the level of social disclosure in the annual reports of Islamic banks based on a benchmark obtained from Islamic Principles.</td>
<td>Hypotheses relating to Islamic social disclosure and its determinants are developed by using principles of system oriented theories. Data about social disclosures is obtained from the annual reports of 47 Islamic banks located in 14 different countries. On the other hand, data regarding determinants of social disclosures is obtained from multiple sources.</td>
<td>47 Banks</td>
<td>14 Countries</td>
<td>Significant variation has been found across the sample of Islamic banks regarding CSR disclosure. Regression results suggest that &quot;level of social and political freedom&quot; and &quot;the proportion of investment account deports to total assets&quot; are significant determinants of CSR disclosure.</td>
</tr>
<tr>
<td>Arbi and Gao,</td>
<td>Corporate Social Responsibility Disclosure: A Comparison between Islamic and Conventional</td>
<td>Descriptive</td>
<td>Outside MOS</td>
<td>Examination of the influence of Islam on CSR Disclosure in IFIs.</td>
<td>Content analysis approach has been used to examine the influence of Islam on Corporate Social Responsibility Disclosure by thoroughly checking the annual reports of 21 IFIs and 21 conventional financial</td>
<td>21 CFIs and 21 IFIs</td>
<td>Gulf Region</td>
<td>Significant difference found in the extent of CSR disclosure between CFIs and IFIs. IFIs disclosed additional religion related information, Shriah supervisory board reports, donations including payment of Zakah and interest free loans.</td>
</tr>
<tr>
<td>2010</td>
<td>Financial Institutions.</td>
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| **Hassan and Harahap, 2010** | Exploring Corporate Social Responsibility Disclosure: The Case of Islamic Banks.  
*International Journal of Islamic and Middle Eastern Finance and Management* | Descriptive | Outside MOS | To examine any existing discrepancy between CSR Disclosure index and disclosed corporate social responsibilities in the annual reports of Islamic Banks. | Annual reports of seven Islamic Banks have been used to measure the volume of CSR disclosure by using content analysis. | Seven Islamic Banks: Bahrain, Bangladesh, Indonesia, Malaysia, Saudi Arabia, Kuwait, and the United Arab Emirates | The result shows that issues relating to CSR are not of any major concern to Islamic banks. Only one out of seven Islamic banks has found to have above average score in CSR disclosure. |
|**Siwar and Hosain, 2009** | An Analysis of Islamic CSR concept and the opinions of Malaysian Managers.  
*Management of Environmental Quality: An International Journal* | Descriptive | Outside MOS (Environmental Quality Management) | To examine the relationship between the concepts of Islam and the opinions of Malaysian Managers' regarding CSR. | A Questionnaire, containing both open and close-ended questions, was distributed to 50 listed organizations (multinationals, government link, non-government link, SMEs) located in Malaysia. | 50 Malaysia | Islam encourages socially responsible behavior towards environment, economy and society. From the empirical work, similarity has also been found between Islamic view of CSR and Malaysian managers' opinion regarding CSR. |
|**Dusuki and Dar, 2007** | Stakeholders’ Perceptions of Corporate Social Responsibility of Islamic Banks: Evidence from Malaysian Economy.  
*In: Ibghal M. Ali, S. M. and Muljawan, D. ed. Proceedings of the sixth international conference on Islamic economics and finance* | Descriptive | Outside MOS | To map stakeholders' perceptions regarding Social Responsibilities of Islamic Banks in Malaysia. | A survey is conducted to elicit the opinion of seven stakeholder groups of ‘Bank Islam Malaysia Berhad’ and ‘Bank Muamalat Malaysia Berhad’ (two complete Islamic Banks): depositors, financing customers, branch managers, employees, regulators (Central Bank officers), Shari’a advisors, and local communities. | 1500 Malaysia | First, shareholders hold positive views of CSR and consider CSR related factors and things done by Islamic banks as one of the reasons to choose these banks. Second, the findings prove that concept of CSR is in-built in the conception of Islamic Banks. Third, the values which guide Islamic banking’s outlook and operations make them entirely different from conventional banking. |
<table>
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<th>Author(s)</th>
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<th>Approach</th>
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<th>Methodology</th>
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<td>Farook and Lanis, 2007</td>
<td>Banking on Islam? Determinant of corporate social responsibility disclosure. In: Iqbal, M. Ali, S. M. and Muljawan, D. ed. Proceedings of the sixth international conference on Islamic economics and finance</td>
<td>Descriptive</td>
<td>Outside MOS</td>
<td>To measure the level of social disclosure of Islamic banks through the examination of their annual reports, and to ascertain a priori the determinants of social disclosure.</td>
<td>Annual reports of 47 fully fledged Islamic banks from 14 different countries were obtained from the respected companies for the years ending 2002 or 2003.</td>
<td>47 Banks</td>
<td>14 Countries (Bahrain, Bangladesh, Egypt, Iran, Jordan, Kuwait, Malaysia, Pakistan, Qatar, Saudi Arabia, Sudan, Turkey, UAE, Yemen)</td>
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<td>Sairally, 2007</td>
<td>Evaluating the 'Social Responsibility' of Islamic Finance: Learning From the Experiences of Socially Responsible Investment Funds. In: Iqbal, M. Ali, S. M. and Muljawan, D. ed. Proceedings of the sixth international conference on Islamic economics and finance</td>
<td>Descriptive</td>
<td>Outside MOS</td>
<td>To evaluate CSP of IFIs to examine any divergence between their expected socially responsible behavior at the time of their conceptualization and the course taken by them practically.</td>
<td>This empirical study contains both Qualitative and Quantitative approaches. Questionnaire (with both open-ended and close-ended questions) was originally sent to 250 Islamic banks and NBFI with a usable response rate of 20%. SPSS has been used to study the data received from the institutions (Quantitative Approach). Discourse Analysis has been done of annual reports, website postings and mission statements.</td>
<td>48 Banks</td>
<td>19 Countries (Islamic financial practitioners and Islamic economics literature hold similar theoretical understanding and ethical implications of Islamic Finance with emphasis placed on social responsibility. However, the practices of IFIs are not found to be socially responsible even though theoretical understanding of practitioners was very much aligned to CSR.)</td>
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2.3 Gaps in the Literature and Research Questions

Having reviewed the work done on CSR and Islam, it appears that the literature is quite impressionistic in nature. All the scholars who have contributed in this debate about Islam and CSR are trained in Western education systems with most of them living in non-Muslim countries. They have tried to figure out the Islamic perspective on CSR with what appears to be minimal exposure and passing lay acquaintance with the Islamic tradition. They have gone directly to the sources of Islam and that too in translations rather than learning about the subject matter from the experts of the Islamic sciences (uloom) who have spent their lives learning this tradition and its constituent branches of knowledge. These experts, known in Islam as Ulama or orthodox Islamic scholars, have been ignored by the CSR and Islam research that has sought to understand CSR from an Islamic perspective either by directly engaging with the sources of Islam or from the actual practices of Muslims. The term “orthodox Islamic scholars” has widely been used in Western academic literature (Arafa, 2016; Zenn and Kuehnast, 2014; Badru and Sackey, 2013; Bao, 2013; Khan, 2013; Ahmad, 2010; Hafez, 2010; Syed, 2010; Hoodbhoy, 2005; Bar, 2004; Schulze, 1996; Davis, 1995). Orthodox Islamic scholars believe that: i) there is only one God (Allah) who is all powerful; ii. Qur’an (word of God) is eternal; iii. it is important to establish Islam government based on Shari’a (Islamic Law) for prosperity and survival of Islam; and iv. sovereignty belongs to Allah (Syed, 2010; Hoodbhoy, 2005; Schulze, 1996; Davis, 1995). What we do not know right now is how CSR is understood from the perspective of the orthodox Islamic scholars or Ulama class.

Ignoring the Ulama class and their views on CSR is a gap worth filling because it is this class who often provide the authoritative understanding of Islam on a particular issue (Zaman, 2002).
While there are many contenders for authoritatively speaking about Islam it is clear even by their detractors that this role lies with the Ulama (Abou Fadl, 2005; Abou Fadl, 2001). Theirs is the orthodox view on a specific subject and it is their understandings that come to constitute what for many Muslims is the message of Islam. Thus, if we wish to find out what Islam says about CSR we need to bring on board the Ulama as they are the ones who have historically and continuing to this day been the custodians and authoritative spokespeople of what is understood and practiced by the majority of Muslims as Islam (Zaman, 2002). Western scholars on Islam clearly point out that the Ulama or orthodox Islamic scholars are the ones who have the power to declare a practice, business activity, and/or idea lawful or prohibited, that is part or not part of Islam (Bassens et al., 2012; Hayat et al., 2012). Throughout Islamic history, Ulama have played such a role serving as gatekeepers of Islamic traditions and learning (Hatina, 2009; Zaman, 2002).

In recent times, especially from the time of Western colonization of Muslims lands, their authority has been challenged by modern secular minded Muslims. Nonetheless, as Western scholarship shows they still have the monopoly on issuing fatwa to guide Muslims about permissibility of a product or practice, and these fatwa influence the behavior of Muslims (Muhamad, 2011; Hatina, 2009; Masud, 2009; Bailey and Sood, 1993). A fatwa is a non-binding opinion of a Mufti on the matters of Islamic Law and provides for the individual seeking it the most correct and appropriate Islamic response to the question whose answer the person is seeking through the fatwa (Abdalla, 2011; Ali, 2005; Venardos, 2005; Masud et al., 1996; Weiss, 1998). These fatwa (plural of fatwa) are issued by most qualified orthodox Islamic scholar, known as Muftis. Although a fatwa is a non-binding opinion of a Mufti and fatwa seekers are
free to contact other Muftis in order to search for desired response, contemporary researchers from the field of anthropology found out that fatwa seekers appears to follow the fatawa even when doing so results in economic losses, breakage in close relationships or other unhappy results (Agrama, 2010; Messick, 1986). These scholars claim that the influence of these fatawa on practice is greater even from the judges of court of law (ibid). For instance, Agrama (2010) reports following incident about a land dispute among extended and immediate family members of a fatwa seeker as under:

“One was a court case involving Khaled, in which his immediate and extended family was embroiled, over inherited land that had been monopolized by one set of family members. After a drawn-out case, when it looked like his side of the family was to finally win its inherited share, his aunt, who had initiated the litigation on their behalf, shocked his side of the family with the news that his grandmother, who had passed away several years ago, had sold her entire portion of land that the rest of them stood to win in the case. However, his aunt offered to apportion this land to the rest of the family in their approximate inherited shares according to the Shari’a, in exchange for greater financial support for her litigation efforts. Her proposed apportionment, however, did not include shares for the grandchildren of Khaled’s grandmother’s previous marriage—that is, the children of the half-sisters and half-brothers of his mother and his aunts and uncles on his mother’s side. To have included them would have reduced his aunt’s share of the land too much, and she refused to do this. Moreover, these half-brothers and half-sisters had since passed away. This led to the question of whether these grandchildren stood to inherit because their parents had passed away even before Khaled’s
grandmother did. Because the family knew of my work in the Fatwa Council, they asked me to consult a mufti. The mufti told me that these grandchildren had the right to inherit as if they had inherited their portion of the land from their parents. On that fatwa, the family refused to accept Khaled’s aunt’s offer, even this meant foregoing any share in the land that they had long worked to acquire.

Khaled’s family did not have to follow this fatwa. It was not binding in law, and they could have searched for another that better suited their interests, especially with the immense diversity of fatwas these days. His family, it seems, is not peculiar in this. It did not seem often that people ran after fatwas to suit their interests. In those instances in which I saw people seek a second fatwa, it was often because they had received one in their favor, which yet somehow made them feel uncomfortable. And this just seemed to confirm how seriously fatwas were taken by those who sought and received them” (Agrama, 2010).

Other recent contemporary academic studies carried out in the fields of sociology, medicine, business, religion and innovation also support the view that fatawa issued by Muftis does greatly influence the behavior of Muslims (Al-Kandari and Dashti; 2014; Halim et al., 2014; Hanzae and Ramezani, 2011; Nathan Garas and Pierce, 2010; Assyaukanie, 2009; Nasution, 2009; Alkuraya and Kilani, 2001; DeLorenzo, 2000). One of these studies was carried out by Alkuraya and Kilani (2001) in the field of prenatal diagnosis¹. The problem of genetic disorder is quite common in Saudia Arabia. The researchers tried to find out the influence of fatawa on the

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¹ Prenatal diagnosis is a field of study to find out genetic disorders of babies before birth.
attitudes of Saudi Muslims towards abortion in such cases and found these *fatawa* to be the only significant variable in influences Saudi Muslim’s attitudes. No other variable was found to have any significant influence. On the basis of the results, the authors recommend that it is important to highlight religious rulings on these issues along with increasing education about the problem of genetic disorders in countries with vast population of Muslim community.

Similarly, Hanzaee and Ramezani (2011) showed the impact of *fatawa* (halal certifications) on the consumption patterns of Muslim population. They argued that *halal* (permissible to use in Islam) is no longer a religious issue and has now become an important issue in the sphere of business as increasing number of Muslim consumers are now demanding *halal* certifications to ensure that the ingredients used in the product are permissible in Islam. The issue of *halal* certification is also increasing becoming important in pharmaceutical industry as well as more Muslims now want to ensure before using a drug that only *halal* ingredients are used in its manufacturing (Halim et al., 2014; Mohd Mahyeddin et al., 2013; Nain et al., 2013).

Contrary to the above studies, Assyaukanie (2009) showed negative influence of *fatawa* on the attitudes of Muslims. He attempted to disprove the argument put forward by some people that because *Fatawa* are non-binding in nature, they are not connected with the intolerant behavior of Muslims. In order to achieve the research objective, he analyzed different *fatawa* issued in Indonesia and found a strong connection between these *fatawa* and intolerant behavior of Indonesian Muslims. The *fatawa* analyzed by him were about *Ahmadiyah*[^2], other minority groups, liberalism, secularism and pluralism.

[^2]: *Ahmadiyah* claims to be Muslims. However, Muslim population consider then non-Muslims on the basis of *fatawa* issued by Muftis.
Finally, studies showing the importance of influence of Shari’a supervision in Islamic Financial Institutions (IFIs) can be called as the most important and relevant research in highlighting the importance of Muftis in the context of this study. Shari’a supervision in IFIs is carried out by Shari’a supervisory boards (SSBs) which are composed of in-house qualified Islamic scholars (Muftis) and are one of the parts of internal governance structure of IFIs (Grais and Pellegrini, 2006). DeLonrenzo (2000) argued that existence of SSBs helps to safeguard the interests of investors by confirming them that they are investing in halal financial products. He further claimed that existence of SSBs is one of the most important factors in the success of IFIs. Such supervisory structure were not there in the initial Islamic era because only those individual were allowed by the states to do business who have required level of religious education (Garas and Pierce, 2010). However, lack of Shari’a related business education among contemporary Muslim businessmen has massively contributed in their emergence because SSBs eliminates any possible doubts in the minds of customers and investors regarding religious permissibility of the product (Zighaba, 2009).

Thus, considering the views of orthodox Islamic scholars on CSR are quite important if we wish to conceptualize a CSR from the perspective of Islam because these scholars provide the most definitive understanding of what their religion has to say about CSR. This important voice of orthodox Islam in conceptualizing an Islamic CSR is missing in the literature on CSR and Islam. This study tries to address a major limitation of contemporary research on the topic as identified by Ul-Haq and Westwood (2012) who argued that Islamic Management and Organization Knowledge (MOK) is misrepresented and underrepresented in Western academia because of “persisting orientalism and essentialism; refraction through Northern epistemic,
theoretic and methodological lenses and intellectual captivity”. Ul-Haq and Westwood (2012) then called for future studies to be carried out from Islamic epistemology and worldview. This study is robust way of responding to these calls. I have tried to fill this gap in the literature by answering the following questions:

Research Question 1: What is an Islamic CSR according to orthodox Islam, that is according to the Ulama (the custodians and authoritative interpreters of the Islamic discursive tradition)?

Research Questions 2: How do Ulama make sense of CSR activities performed by Muslim businessmen and corporations, and what are their views regarding the challenges in implementing Islamic CSR in business practices?

Research Question 3: What are the views of Islamic orthodoxy regarding suitability of ten principles of UN Global Compact as minimum standard for responsible business, and what are their views regarding compatibility of these principles with Islamic teachings?

2.4 Structure of the Thesis

The rest of the chapters are organized as follows. Methodology is explained in detail in the next chapter. Above mentioned three research questions are then separately answered in the next three chapters (4–6). It is important here to mention that ‘Normative Orthodox Theory of Islamic CSR’ is theorized in these chapters solely from the data collected during the research and these concepts are not compared with existing depiction of Islamic CSR in Western academic literature. The ‘Normative Orthodox Theory of Islamic CSR’ is compared and
contrasted with Western academic literature in seventh chapter. Theoretical and empirical contributions of this research are also discussed in the same chapter. The dissertation is concluded in eighth chapter.
3  RESEARCH METHODOLOGY

3.1  Research Site

There are many groups of religious scholars who influence the practices of Muslim population ranging from religious scholars formally trained in Islamic religious schools to Muslim scholars who got Islamic education from Universities. As the objective of the study is to understand the views of orthodox Islamic scholars, I focused only on those scholars who have received highest level of religious education in Islamic religious schools. These most qualified orthodox religious scholars are known as Muftis. As explained in the previous section, contemporary academic research acknowledge huge influence of Muftis on the lives of Muslim population. In order to understand the views of Muftis on Islam and CSR, I decided to conduct interviews from Muftis located in Pakistan. A focus on Pakistani Muftis is warranted for a variety of reasons. First, they are orthodox Islamic scholars and as the objective of the study is to generalize to theory, they are as good a place to start as any (Yin, 2009). Furthermore, they are the ones considered as one of the most important thought leaders among the Ulama (orthodox Islamic scholars) class worldwide when it comes to Islamic commercial law. Their current pre-eminent position in Islamic commercial law has much to do with the fact that they have played a crucial role in developing modern Islamic Banking (Ghias, 2013). Their close association with Islamic banking both within and outside of Pakistan has given them an exposure to and experience with the modern world of business. Thus the Ulama in other parts of the world where Islamic banking is not so developed or who do not have much exposure to the world of business and commerce turn to the Pakistani Muftis on matters relating to that world. It therefore appears sound to interview Pakistani Muftis since their perceptions on what is Islamic CSR are likely, as is the case
with their views on Islamic banking, to be upheld and followed by the broader Ulama class.

Finally, the aim of this study, being qualitative in nature, is to generalize to theory (what is an Islamic CSR from the vantage point of Islamic orthodoxy) as opposed to making claims about a population (Yin, 2010). Thus, Pakistani Muftis, as one of the most important articulators of orthodox Islam especially in matters of commerce, are as good a place to start as any for taking a first stab at generating theory about what constitutes Islamic CSR from the point of view of Islamic orthodoxy with future research of course being encouraged to see how Muftis in other parts of the world would refine such a first approximation.

3.2 Research Design: Phenomenological Approach

The choice of research methodology depends on the nature of the issue being investigated. Since the aim of the study is to tap the perceptions on CSR of the highest qualified individuals and thought leaders (i.e. Muftis) who forge and reflect the opinions of the Ulama (orthodox Islamic scholars) class, a phenomenological approach appears to be the most suitable approach for this study which is an accepted and well established method in CSR research (see for example Ogula et al., 2012; Khan and Lund-Thomsen, 2011; Cope, 2010). The methodology section of this study borrows heavily from Khan and Lund-Thomsen (2011) as it is a recent application in CSR research of the phenomenological approach based on Pakistani data.

According to Khan and Lund-Thomsen (2011), phenomenological approach to qualitative research is rooted in the early years of twentieth century European philosophy. Schutz (1977) is credited with developing and bringing this approach to the social sciences (Patton, 1990). This approach effectively allows researchers to examine issues related to human experience
(Ogula et al., 2012; Munhall, 2007). It “requires methodologically, carefully, and thoroughly capturing and describing how people experience some phenomenon—how they perceive it, describe it, feel about it, judge it, remember it, make sense of it, and talk about it with others” (Patton, 1990, p.104). In this study, the phenomenological approach is thus about noting through face-to-face interviews how most qualified orthodox Islamic scholars (Muftis), who interact with business community in different capacities ranging from Shari’ā consultants to religious leaders, make sense of the CSR performance of corporations and businesses working in their countries and what they consider to be an Islamic perspective on CSR.

3.3 Data Collection

Moving from the choice of qualitative research approach to the mechanics of research design, respondents, following Khan and Lund-Thomsen (2011), are identified using purposive sampling which is considered as the most important non-probability based sampling technique (Welman and Kruger, 1999). The initial set of respondents is selected keeping in view the research questions of this study i.e., initial sample consist of those “Muftis” who are actively involved in advising business community in Pakistan from Darul Iftas3 located in big madrassas (Islamic religious schools). Muftis are educated and trained in Islamic religious schools, named as madrassas. There is a long history of these madrassas in Indian subcontinent as they used to operate even in the era of Muslim Mughal emperors (ICG, 2002). Madrassas were open to both Muslims and non-Muslims as they did not use to solely focus on religious studies during that time and also used to teach astronomy, philosophy and mathematics to prepare their students.

3 This is an important department of a madrassa (Islamic religious school) where people send their questions and Muftis provide them answers.
for jobs in courts, religious affairs and administration (ibid). The modern day *madrassas* operating in Indian subcontinent began in the era of British colonial rule with the establishment of Deoband *madrassa* in 1867 and they played a vital role in preserving orthodox Islamic tradition during British colonization (Ahmad, 2004). These *madrassas* followed a standardized curriculum (*Dars-e-Nizami*) developed by Mullah Nizamuddin in eighteenth century. Approximately ten years after the independence of Pakistan, *madrassas* belonging to different sectarian backgrounds established their own *wafaqs* (*madrassa* boards) and started operating under them in the late 1950s. There are five different *wafaqs* working right now guiding the *madrassas* established by Muslims of different sects and sub-sects. These are ‘Tanzeem-ul-Madaris Ahl-e Sunnat-wal-Jamaat’ for Ahle Sunnat -Barelvi sect, ‘Wafaq-ul-Madaris Al- Arabia’ for Deobandi sect, ‘Wafaq-ul-Madaris’ for Ahl e Hadith sect, ‘Rabta-ul-Madaris Al Islamia’ for Jamat e Islami and ‘Wafaq-ul-Madaris Al-Shia’ for Jaffari Twelver Shia (Borchgrevink, 2011). According to the information provided by *wafaqs* in 2008, more than 90% Pakistani *madrassas* are registered with either ‘Tanzeem-ul-Madaris Ahl-e Sunnat-wal-Jamaat’ or ‘Wafaq-ul-Madaris Al- Arabia’. Every *madrassa* located in Pakistan is required to get affiliation from any of these *wafaqs* and needs to follow the prescribed curriculum and examination related rules passed by their respective *wafaq*. All the above mentioned sunni *wafaqs* (first four) follow different variations of ‘*Dars-e-Nizami*’ syllabus (Shahab, 2014; Ali, 2012; Borchgrevink, 2011; Ahmad, 2004; Rahman, 1998). Duration of ‘*Dars-e-Nizami*’ program is eight years and minimum entrance requirements in *madrassas* for the admission is basic education till tenth grade (http://darululoomkarachi.edu.pk/ur/?page_id=8). However, some individuals take admission in ‘*Dars-e-Nizami*’ program after completing their education in medicine business or
engineering and learn along with the other students. The courses taught in ‘Dars-e-Nizami’ program can be divided into ‘the rational sciences’ and ‘the transmitted sciences’. Majority of these courses taught in ‘Dars-e-Nizami’ program are not strictly religious courses (Ahmad 2004). However, books taught about ‘the rational sciences’ including mathematics, medicine, astronomy, logic and philosophy are very old (ibid). On the other hand, students are taught Qur’an, Hadith, Tafsir (Explanation of Qur’an), Arabic literature, jurisprudence, dialectical theology and life of prophet under the category of ‘the transmitted sciences’.

Madrassas select only those students for the admission in Takassus-fil-ifta (Mufti course) who demonstrate extraordinary performance during the ‘Dars-e-Nizami’ program. The typical duration of Takassus-fil-ifta (Mufti course) is three years (http://darululoomkarachi.edu.pk/ur/?page_id=5480). During these three years, students are trained to write fatwas, exposed to modern contemporary issues, learn methodology to give find an answer of complicated questions, and learn to find solutions of contemporary problems. During the third year of Takassus-fil-ifta (Mufti course), they are required to write a research paper on an important contemporary issues (ibid).

As these “Muftis” frequently provide expert advice to Muslim businessmen who wish to conduct their business affairs according to the teachings of Orthodox Islam, these Muftis are a rich source of important data. During my schooling, I spent three years as a student in one of the biggest madrassas located in Faisalabad which is third largest city of Pakistan in terms of population and is internationally famous for its textile industry (Ghafoor et al., 1994). In addition to my personal contacts with religious Islamic scholars which I developed as a student of a madrassa, I also had met some renowned orthodox Islamic scholars as son of their doctor.
Because of these relationships, it was quite easy for me to meet Muftis of all schools of jurisprudence located in Faisalabad. One of previous elected representative of our constituency is president of an Islamic political movement. I contacted him as well and asked him to facilitate me in contacting and interviewing Muftis for my doctoral research. He proved to be quite supportive and asked head Mufti of his religious movement to help me in this regard. Because of these links, I decided to start interviewing Muftis working in large darul iftas of Faisalabad because these Muftis could also help me on identifying additional respondents (i.e., similarly qualified Muftis) located in other cities of Pakistan. This technique of tracing additional respondents from existing ones is known as snowballing in which respondents are asked to recommend one or more participants for interview (Groenewald, 2004; Frank and Snijders, 1994). This sampling technique is suitable for studies where standard sampling procedures are either very expensive or impossible to use (Handcock and Gile, 2011). In this study, the number and location of the target population is unknown and it is difficult to approach a Mufti without any suitable reference. Therefore, snowballing is the appropriate strategy in this research to expand the number of respondents.

As expected, Muftis whom I interviewed in Faisalabad proved extremely helpful in identifying renowned Muftis located in Lahore and Karachi. These two cities are provincial capitals of two provinces of Pakistan and have many globally renowned madrassas (Islamic religious schools). The information from Muftis located in Faisalabad helped me to meet Muftis located in Lahore and Karachi. The interview data is collected by conducting semi structured face-to-face interviews of the Muftis. Due to the nature of this study, primary data collected through these interviews was of prime importance for articulating a normative orthodox theory of Islamic CSR.
However, some Muftis also recommended books written by other Pakistani Muftis on issues related to the topic so that a detail justification of the brief comments of Muftis can be checked from the recommended books. These books constitute secondary data of this study. Interviews are conducted till the data saturation point is reached, i.e., when no new information seems to be emerging from additional interviews (Yin, 2009; Creswell, 1998). I conducted fifty interviews in total for this research between November 2013 and June 2014. The interviewees belong to Hanafi-Barelvi, Hanafi-Deobandi, Ahle-Hadith and Ahle-Tashe schools of jurisprudence (Appendix 1). Qualification of interviewees belonging to Ahle-Tashe school of jurisprudence was Hujjatul-Islam-wal-Muslimin. Interviews were recorded through recording devices as Muftis allowed me to record their interviews. This was important to avoid any loss of important information. Average duration of interviews was approximate 60 minutes (Range: 30 Minutes – 140 Minutes). The questions were asked about four major themes: (1) understanding of Muftis regarding social responsibility of businesses; (2) Muftis’ assessment of CSR practices of contemporary business world; (3) priority areas (if any) to be addressed in contemporary business world; and (4) Muftis’ evaluation of ten principles of UN Global Compact. In order to avoid any error in analysis of their responses, I shared with Muftis my understanding of their responses for their approval. This practice was important to get timely correction from the scholars.

3.4 Profile of Respondents

The sample of respondents is quite rich in two ways. First, the respondents included in this sample belong to different schools of jurisprudence and are actively linked with business community in different roles. For instance, the sample includes Muftis working for darul-iftas
Sixteen of the thirty six Muftis, working for darul-iftas, are Head Muftis in their darul-iftas. Second, the sample includes ten globally renowned Muftis who are globally acknowledged for their superior understanding of Islamic teachings. The fact that the sample consists of Muftis having varied exposure with some of them globally acknowledged for their understanding of Islamic teachings makes the outcome of the research more authentic.

### 3.5 Data Analysis

Interviews are conducted in Urdu and minimal translation technique is used as suggested by Strauss and Corbin (1998) and also used in recently published work in top business ethics journals (Von Groddeck, 2011). In line with the recommendations of Holloway (1997), Hycner (1999) and Hycner (1985), I carefully transcribed all audio recordings of the interviews and went over the transcribed interviews multiple times, with openness of mind to whatever meaning emerging from the data, in order to have an overall meaning of each transcribed interview. In the next step of data explicitation as suggest by Groenewald (2004), I identified and isolated sentences which were directly linked with the researched questions. Next, in line with grounded theory, I manually coded the data in MS Excel (File 1, File 2, File 3) with the aim of identifying themes through which responses of the Muftis on issues are arranged under a relevant theme. MS Excel proved useful in data analysis. One benefit of using MS Excel is that one can look at all the data together and this helps in identifying the major themes emerging from the views of Muftis along with registering any subtle variations within the themes arising from differences in the views of the Muftis.
3.6 Validity and Reliability

It is important to demonstrate validity and reliability in both quantitative and qualitative research studies to prove their credibility. However, these terms are understood differently in qualitative and quantitative research. Qualitative researchers use various approaches to show quality, trustworthiness, rigor and dependability in order to show validity and reliability of their studies. I used following approaches to ensure credibility, rigor and dependability of my research. First, I have documented in detail all steps of my research (literature review, identification of research gap, data collection, data analysis etc.) so any researcher who wants to follow me can see from the documented version how I reach my final conclusion. Second, I shared my understanding of respondents’ views with the Muftis at the end of interviews to give them the opportunity to correct errors in my understanding of their views. This practice, also known as member checks (Creswell and Miller, 2000), not only provided the Muftis opportunity to correct any misunderstandings on my end, it also helped them to assess areas where they need to provide further explanation of their views. Using this opportunity, the Muftis corrected my understanding of their views at different places and provided some additional details as well. This strategy further strengthen the claim of credibility, rigor and trustworthiness of the study. Third, I used ‘triangulation’, as suggested by Patton (1990), by checking secondary published data written by Pakistani Muftis, which was recommended by respondents during the interviews, to know in detailed understanding of Pakistani Muftis on issues related to Islamic CSR. I came across themes in which there were convergence and I also pointed out themes where there are divergences. Fourth, I remained in touch with some of the respondents during the latter stages of dissertation writing and took their feedback on my conceptualization
on different facets of orthodox Islamic CSR. Fifth, I shared my framework and other findings of the research with two senior Muftis, other than the respondents of the study, to have expert reviews on the overall findings of the study. Both Muftis approved framework presented in the study and appreciated the work done by the researcher.
4 VIEWS OF ORTHODOX ISLAMIC SCHOLARS ON THE PRINCIPLES, PROCESSES AND INTENDED OUTCOMES OF ISLAMIC CSR

The analysis shows that the Muftis (most qualified orthodox Islamic scholars) hold similar views on what constitutes Islamic Corporate Social Responsibility (Islamic CSR). With the help of their responses, a comprehensive model of orthodox Islamic CSR is articulated (Table - 7). This model explains the reasons for a business to be socially responsible (principles of Islamic CSR / why to do CSR?), the activities needed to be done by the business entities (what constitute Islamic CSR?) and the benefits of engaging in Islamic CSR (Outcomes of Islamic CSR).

4.1 Principles of Islamic CSR

According to orthodox Islamic scholars, Islamic teachings provide detailed guidelines regarding expected human behavior in all spheres of human life and expect Muslims to spend their lives in obedience to Allah for the sake of attaining salvation in the Hereafter. While highlighting this point, orthodox Islamic scholars explained that the concept of CSR is entrenched in Islamic teachings, and any business or corporation which claims to operate in accordance with the teachings of Islam is bound to automatically practice Islamic CSR. Before going into further details about the concept of Islamic CSR, it is important to first understand the reasons why it is essential for any business, run by Muslim businessmen, to engage in Islamic CSR activities. The scholars believed that the concept of Vicegerency explains the reasons why every Muslim businessman and businesses run by Muslims should engage in Islamic CSR.
**Table 7: Model of Islamic CSR**

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<th>Principles of Islamic CSR</th>
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  o Dealing in only Permissible Products and/or Services  
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  • Promotion of Islamic Values and Teachings |
| • Restrictions on Business Operations and Contracts  
  o Contractual Restrictions  
    • Riba  
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    • Instructions for a Valid Trading Contract  
  • Responsibilities relating to Employees | • Care for Competitors  
  • Social Welfare |
| • Responsibilities relating to Employees  
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    • Respect for Employees  
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    • Religious Training of Employees  
    • Employees’ Job related Shari’a Training  
  o Marketing related Guidelines  
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    • Protections of Religious and Social Values  
  o Fulfillment of Contracts | |
| • Adherence to Law of the Land in Mubah | |
| • Zakat (Obligatory Charity) | |

<table>
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<th>Outcomes of Islamic CSR</th>
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|  | • Justice in Distribution of Wealth  
  • Positive Impact on the Business | • Rewards in Hereafter  
  • Relationship with Allah |
4.1.1 Vicegerency

Many orthodox Islamic scholars emphasized that Allah has created human beings for the purpose of worshipping Him and has granted them the position of vicegerents in this universe. Their responsibilities as vicegerents along with the purpose of their creation explain the reason why Muslim businessmen should engage in Islamic CSR. The scholars quoted following two verses of the Qur’an to explain their point of view:

“I did not create the Jinns and the human beings except for the purpose that they should worship Me” (Qur’an, Surah Adh-Dhariyat 51:56).

“Glorious is the One in whose hand is the Kingdom (of the whole universe), and He is powerful over everything. The One who created death and life, so that He may test you as to which of you is better in his deeds. And He is the All-Mighty, the Most-Forgiving” (Qur’an, Surah Al-Mulk 67:2-3).

According to orthodox Islamic scholars, the meaning of worship in Islam is not restricted to performance of rituals, rather it covers each and every activity performed in the life of a Muslim. For instance, any Muslim who is busy in earning livelihood through halal (permissible) means is considered as someone involved in the act of worshipping Allah. The implication of the concept of worship and its associated concept of divine accountability is that human beings are required to surrender their selves to Allah in every sphere of human life and the fate of their eternal lives depends on their performance in this world. The scholars explained that there are

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4 Translation of all the verses of the Qur’an in the dissertation has been taken from the English Translation of the Holy Qur’an by ‘Shaykh Mufti Taqi Usmani’
two verses of the Qur’an where the term vicegerent has been used. The reading of these verses makes it clear that Allah has given human beings the status of vicegerent on the earth and it is their responsibility to live their lives in accordance with the wishes of Allah. The two verses are mentioned below:

“(Remember) when your Lord said to the angels, I am going to create a deputy on the earth! They said, Will You create there one who will spread disorder on the earth and cause bloodshed, while we proclaim Your purity, along with your praise, and sanctify Your name? He said, Certainly, I know what you know not” (Qur’an, Surah Al-Baqarah 2:30).

“O Dawud, We have made you a vicegerent on earth, so judge between people with truth, and do not follow the selfish desire, lest it should lead you astray from Allah’s path. Surely those who go astray from Allah’s path will have a severe punishment, because they had forgotten the Day of Reckoning. We did not create the heavens and the earth and what is between them in vain. That is the thinking of those who disbelieve. So, woe to the disbelievers because of the Fire (they have to face)” (Qur’an, Surah Sad 38:27-28).

According to the scholars, it is responsibility of every Muslim, as vicegerent, to seek knowledge regarding the teachings of Islam and to incorporate these teachings in his life. These teachings, which describe Islamically acceptable and non-acceptable behaviors, derived from the Qur’an and sayings of Prophet Muhammad (ﷺ), are technically known as Shari’a. In simpler words, Shari’a is that way of life which leads a human being to eternal success (Ghazi, 2009). According
to the orthodox Islamic scholars, Allah has sent different *Shari’as* in different historical eras and every human being will be asked that how much he followed the *Shari’a* of his time as evident from the following verses of Holy Qur’an:

“We have sent down to you the Book with truth, confirming the Book before it, and a protector for it. So, judge between them according to what Allah has sent down, and do not follow their desires against the truth that has come to you. For each of you We have made a law and a method. Had Allah willed, He would have made a single community of people, but (He did not), so that He may test you in what He has given to you. Strive, then, to excel each other in good deeds. To Allah is the return for all of you. Then Allah shall tell you about that in which you disputed” *(Qur’an, Surah Al-Maidah 5:47-48).*

The scholars believe that the issues in contemporary business world (for instance, corruption) are largely due to the misunderstanding of the concept of *Shari’ā* and the concept of worship in Islam. They feel that considering worldly activities and religious activities two different things is the biggest source of misguidance in today’s world. In reality, doing worldly things according to the directions of *Shari’a* is the requirement of Islam and when a Muslim does so, that very worldly activity becomes a religious activity. Allah praises the companions of Prophet Muhammad (ﷺ) in Qur’an and says:

“by the men whom no trade or sale makes neglectful of the remembrance of Allah, nor from establishing Salah and paying Zakah; they are fearful of a day in which the hearts and the eyes will be over-turned” *(Qur’an, Surah Al-Noor 24:37).*

Another senior *Mufti* commented as under:
Islam does not forbid Muslims from taking part in business activities. However, it imposes restrictions on some business activities. If business community take cares of the restrictions imposed by *Shari’ā* then there can be many virtues of doing such business. There are rewards for doing business in permissible way. Most importantly, Prophet Muhammad (ﷺ) has promised a place with prophets and martyrs in the Hereafter for doing business in ways permitted by *Shari’ā*. {Mufti Abdul Bari, File 1:AL15}

The promise of place in the company of prophets, martyrs and most righteous people in the Hereafter is like an unthinkable gift for any Muslim believer. Along with this promise, the honest businessmen are also assured *barakah* in their worldly affairs. According to a head *Mufti of a darul ifta*, “*Barakah* in business means such blessings of Allah that result in extraordinary growth of the business without any noticeable reason”.

Orthodox Islamic scholars also noted that *Shari’ā* does not stop at encouraging Muslim businessmen to make their businesses a source of eternal salvation, it warns them about the adverse consequences of not conforming to the divine instructions. It informs the Muslims with absolute clarity that business can either be a source of securing a higher place in paradise or a reason of securing a worse place in hell for the businessmen. Prophet Muhammad (ﷺ) clearly mentioned the fate of such businessmen by saying “Indeed the merchants will be resurrected

5 *Barakah* in business means blessing of Almighty which positively influences business by a simple increase in wealth, by making less quantity sufficient for the person/business, and/or by stopping any possible unpleasant consequences and outcome to occur (Habib, 2014).
on the Day of Judgment with the wicked\textsuperscript{6}, except the one who has Taqwa of Allah, who behaves charitably and is truthful. (Hadith, Narrated in \textit{Jami At-Tirmidhi})\textsuperscript{7}.

The scholars also argued that Islamic teachings do not stop at providing guidelines about \textit{halal} (permissible) ways of earning income, they also made it clear to Muslims that how this income should be spent. This means that Muslims are required to earn as well as spend their incomes in accordance with the teachings of \textit{Shari’a}. A senior \textit{Mufti} and a principal of a \textit{madrassa} (Islamic religious school) explained this point in the following way:

\begin{quote}
Islam allows its followers to earn livelihood only through permissible means.

Unfortunately, the contemporary business community does not take Islamic instructions into consideration in their earnings and spending. This is absolutely wrong. According to a tradition of Prophet Muhammad (ﷺ) “There will be accountability in its \textit{Halal} and there will be punishment in its \textit{Haram}”\textsuperscript{8}. Therefore, every Muslim is bound to earn and spend in this world only in ways declared permissible by the Creator. Furthermore, he should also respect the rights of other community members living in the society.

{Hujjaztul-Islam-wal-Muslimin Azhar Hussain Bahishti, File 1: AR16}
\end{quote}

\textsuperscript{6}“Most people’s business depends on cheating, deceiving, and fraudulent tricks. So, the Prophet Muhammad (ﷺ) said that such businessmen will be raised with the wicked offenders. Those who abide by the Laws of Allah and fulfill their promises with the people, and are honest in their dealings, will get their reward as has been mentioned in the preceding narration (Commentary of the hadith by Abu Khaliyl – Translator of ‘\textit{Jami At-Tirmidhi}, Published by Darussalam Publishers and Distributors).”

\textsuperscript{7} Translation of all \textit{ahadith} of ‘\textit{Jami At-Tirmidhi}’ in the dissertation has been taken from the English translation of ‘\textit{Jami At-Tirmidhi}’ by Abu Khaliyl (Published by Darussalam Publishers and Distributors)

\textsuperscript{8} The hadith implies that earning through \textit{haram} (impermissible) means will result in punishment on the Day of Judgement. And those who are earning through \textit{halal} (permissible) ways will have to defend the spending of their \textit{halal} income.
Islamic CSR are derived from injunctions of Shari’a relating to generation and distribution of wealth. The guidelines of Shari’a which are obligatory in nature and talks about the generation and distribution of business income form the basis of ‘Obligatory’ Islamic CSR activities. These can be called as the minimum level of Islamic CSR. However, teachings of Shari’a encourage Muslims to perform more than the bare minimum for the sake of superior rewards in the Hereafter. For instance, Prophet Muhammad (ﷺ) informed that “The best of people are those that bring most benefit to the rest of mankind (Hadith, Narrated in Daraqutni)⁹”. There are numerous verses of the Qur’an and sayings of Prophet Muhammad (ﷺ) as well in which Allah has promised Muslims special rewards for engaging in voluntary good deeds. Some of these verses of the Qur’an and sayings of Prophet Muhammad (ﷺ) are as under:

“The example of those who spend in the way of Allah is just like a grain that produced seven ears, each ear having a hundred grains, and Allah multiplies (the reward) for whom He wills. Allah is All-Embracing, All-Knowing” (Qur’an, Surah Al-Baqarah 2:148).

“Those who spend their wealth night and day, secretly and openly, they have their reward with their Lord, and there is no fear for them, nor shall they grieve” (Qur’an, Surah Al-Baqarah 2:274).

“A person who gives in charity so secretly that his left hand does not know what his right hand has given then he will be under the shade of Allah on the Day of Resurrection” (Hadith, Narrated in Sahih Bukhari).

“A man brought a bridled she-camel and said: 'This is (given) in the cause of Allah.' The Messenger of Allah said: 'On the Day of Resurrection you will have seven hundred she-camels in return; all of which will be bridled” (Hadith, Narrated in Sahih Muslim).

These verses of the Qur’an and sayings of Prophet (ﷺ) which encourage Muslims to involve in voluntary good deeds on top of their obligatory responsibilities as vicegerents form the basis of recommended CSR activities. Keeping in view the engagement of Muslims in obligatory and recommended good deed, Islamic CSR activities are discussed in the next section under the heads of ‘Obligatory CSR Activities’ and ‘Recommended CSR Activities’.

4.2 Islamic CSR Activities:

As noted earlier, orthodox Islamic scholars believe that the concept of CSR is entrenched in the teachings of Shari’a. At the first stage, Shari’a ensures safety of the members of society from the negative spillovers of any business operation and force businesses to provide some benefits to the community members with its obligatory restrictions on the operations of the businesses. At the second stage, the teachings of Shari’a encourage businesses to involve in voluntary socially responsible activities in return of higher places in the Hereafter to further improve the quality of living in a society. An internationally renowned Mufti who is currently working as country head of Shari’a in an Islamic Bank and has previously worked as Chairman Sahri’a Board of Securities & Exchange Commission of Pakistan (SECP) and as Shari’a board member of multiple renowned companies expressed his views on the philosophy of Islamic CSR as under:

The basic topic of teachings of Shari’a is not economic or scientific growth. Rather, the basic topic of Islamic teachings is that Allah has sent the mankind on earth for the sake
of worshipping Him. Allah has given us guidelines which tell us how should we live our lives. Sometimes, we need to follow the orders of Allah as father, sometimes we need to follow the orders of Allah as mothers, sometimes we need to follow the orders of Allah as friends, sometimes we need to follow the orders of Allah as businessmen and sometimes we need to follow the orders of Allah as companies. In short, we need to do everything in obedience to the commandments of Allah. Whenever a Muslim businessman or a Muslim commercial company runs his business in the light of the teachings of Shari’a, it automatically engages in CSR because it is inbuilt in the teachings of Shari’a. And whenever someone practice Islamic CSR, he will first save others from any potential harm and will only then try to provide benefit. For instance, the businessman or the company will not deceive others, will not involve in anything harmful for the members of society, will give his employees their rights and will avoid Riba and Gharar. There are many different restrictions on the businesses and all these restrictions ultimately save human beings from potential harms. Along with these obligatory restrictions, Shari’a encourages Muslims to do charity and helping other. I firmly believe that there is no substitute to Islamic teachings and they result into best possible CSR practices. {Mufti Hassaan Kaleem, File 1:AH15}

Majority of the Muftis gave similar remarks and from their detailed views, a list of obligatory and recommended CSR activities have been mentioned and explained in the below lines. With the exceptions of a few area (e.g., limits of employee rights), there were no conflicts in the views of these orthodox Islamic scholars.

4.2.1 Obligatory CSR Activities
These are the binding activities/restrictions which remain in place on Muslim businessmen irrespective of the time, place and nature of business. According to religious scholars, negligence in obeying these instructions is a sin and can result into extremely detrimental outcomes for the businessmen on the Day of Judgment. These can be classified into five different categories.

4.2.1.1 Pre-Business Obligation (Obtaining Business related Shari’a Education)

Islam gives huge importance on seeking knowledge and getting education. The importance of education and seeking education can be understood from one of the traditions of Prophet Muhammad (ﷺ) in which he said, “The seeking of knowledge is obligatory for every Muslim (Hadith, Narrated in Sunan Ibn-e-Majah)”. It is unrealistic to expect every Muslim to know every detail of Shari’ा. Therefore, it becomes important to understand this tradition in detail to know what and how much is obligatory for a Muslim to know at any point in time. A Mufti explained this tradition in the following way:

Islamic principles relating to seeking knowledge are very simple. It is not obligatory on every Muslim to know instruction of Shari’ा about every ibadah and field. For example, it is not obligatory on a poor Muslim to learn the rulings and details of perform Hajj. But, learning same details will be obligatory on a rich Muslim who is planning to go for performing Hajj. Similarly, it is not obligatory on every Muslim to know the guidelines of Shari’ा relating to business. However, whenever a Muslim decides to start a particular

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10 Translation of all ahadith of ‘Sunan Ibn-e-Majah’ in the dissertation has been taken from the English translation of ‘Sunan Ibn-e-Majah’ by Nasiruddin al-Khattab (Published by Darusslam Publishers and Distributors)
business, then obtaining and learning Shari’ā guidelines relating to that very business becomes obligatory on that Muslim. {Mufti Abdul Bari, File 1:AL25}

Meaning by, Islam wants Muslims to spend every minute of their lives in accordance with the teachings of Shari’ā. Respondents believe that getting business related Shari’ā education is as obligatory on Muslims as learning the method to offer prayer. All of them were found to agree on this point that nobody should be allowed to start a business before knowing the basic teachings of Shari’ā about that particular business. One respondent expressed their views on the topic as follows:

Whenever a person plans to get involved in a business, it becomes obligatory on him to know and learn all the major instructions of Shari’ā regarding that business. There is a saying of Hazrat Ali that first learn all Shari’ā related knowledge and then start that work. Otherwise, either you will be known as illiterate or will get involve in riba.


Many scholars mentioned during the interviews that Hazrat Umar never used to allow a person to do business in markets who does not know the teachings of Shari’ā regarding buying and selling. This was because of the reason that religiously illiterate businessmen are more likely to engage in economically impermissible activities. Importance of earning only through permissible means can be understood from the following traditions of Prophet Muhammad (ﷺ):

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11 It a title used in Arabic to honor an individual (Wikipedia, 2015).
“A time will come upon the people when one will not care how one gains one’s money, legally or illegally (Hadith, Narrated in Sahih Bukhari)\textsuperscript{12}”.

“No Salāt is accepted without Wudu (purification), and no charity (is accepted) that comes from Ghulul\textsuperscript{13}” (Hadith, Narrated in Sahih Muslim)\textsuperscript{14}.

In reality, getting in touch with the learned scholars always remains important. Due to the complex nature of business activities and changing business environment, it is extremely important for business community to remain in touch with scholars and continuously seek their guidance. Different proposals for remaining in touch came forward from the respondents. A Mufti from a very renowned madrassa (Islamic religious school) who regularly interacts with business community suggested:

In last fourteen hundred years, many things including business structures and nature of transactions have changed and they will keep on changing in future. Allah has given the responsibility of providing the Shari’a compliant systems to religious scholars who can guide the masses and advise them to carry on affairs without breaking Shari’a law. In the contemporary business world, every big or small company should have permanent qualified Shari’a board to continuously monitor their complete business activities and provide them valuable mandatory suggestions. It is not enough to only construct a mosque in the company. The Shari’a department in today’s companies is as important

\textsuperscript{12} Translation of all ahadith of ‘Sahi Bukhari’ in the dissertation has been taken from the English translation of ‘Sahi Bukhari’ by Dr. Muhammad Muhsin Khan (Published by Darusslam Publishers and Distributors)

\textsuperscript{13} Specifically it means anything taken from the war-gains secretly. It also refers to taking into possession something without the legitimate right (Gülen, 2015).

\textsuperscript{14} Translation of all ahadith of ‘Sahi Muslim’ in the dissertation has been taken from the English translation of ‘Sahi Muslim’ by Nasiruddin al-Khattab (Published by Darusslam Publishers and Distributors)
as IT departments. The companies can select learned scholars from *madrassas* just like they select IT professionals for their company. And let me tell you, these scholars do not charge much. One can hire four competent religious scholars in the salary of one IT professional. {Mufti Ikramullah, File 1:Y26}

On the other hand, some scholars were in favor of getting benefits from existing *darul-iftas*.

Another senior *Mufti* commented:

> The companies should continuously remain in touch with the established *darul-iftas* in their cities. The problem with hiring scholars in companies is that companies will then hire those scholars who will give them the feedback they desire. The scholars should provide their opinion without any monetary benefit. Otherwise, nothing will really change. {Mufti Abdul Majid, File 1:AO110}

Islamic scholars argue that the rulings of *Shari’a* regarding permissibility or impermissibility of a business related activity is for the benefit of the businessmen and the whole society. Therefore, Islam ensures the protection of society’s rights by allowing only those people to do business who knows the relevant teachings of *Shari’a*. However, scholars do also strongly believe that the enforcement of this principle is only possible through administrative machinery of an Islamic government. In summary, obligation of learning relevant Islamic teachings on Muslims businessmen is the first step through which responsible business practices are ensured.

**4.2.1.2 Restrictions on Selection of Businesses**

Islam declares a business *halal* after taking into account the nature of the business products and/or services and the impact of the business on overall wellbeing of the society. Meaning by,
Islam allows businessmen to do trade only in allowable products and/or services. Furthermore, even if the product is allowed for trading, the impact of the business activity on the overall wellbeing of the society can also get the business declared *haram*. For instance, many scholars gave the example of Melon that it can be banned when there is outbreak of cholera because private harm is preferable to public harm. However, scholars also noted that only Islamic governments possess the legitimate power to ban a permissible product in public interest.

### 4.2.1.2.1 Dealing in only Permissible Products and/or Services

There is a process through which scholars declares a certain business, practice, food or activity impermissible. A *Mufti* explained this process in the following words:

As a first step, we check whether this product is by name prohibited or not. If a product is prohibited by name then there will not be any further discussions on its permissibility. Wine, pork, lottery and prostitution are examples of the products and services which are forbidden by name in Islam. If we do not find the product in the list of prohibited items, then we check if the nature of the product is in line or contrary to principles of *Shari’a*. A product is declared permissible only in the case when it is not forbidden by name in *Shari’a* and it is neither against the teachings of *Shari’a* nor to any law of *Shari’a*. In principle, we try to find reasons which can declare the product *haram*. We declare a product permissible only if we do not find a single reason against it. {Mufti Dr. Muhammad Hussain, File 1:Al11}

The rulings on items that are not clearly forbidden in *Shari’a* are not considered permanent in nature, and are subject to change depending on the change in information available before the
jurists. For example, with the research findings showing the adverse effects of smoking, *muftis* have changed their earlier ruling and now declare tobacco consumption *haram* (Khayat, 2000). Although the reasoning of declaring certain products, foods or practices *haram* is partially or fully communicated in some case, Islam asks its followers to believe that abiding by the instructions of Allah is in the best interest of Muslims. An experienced scholar quoted following verse from the Qur’an to illustrate this very point:

“If We had prescribed for them that they should kill themselves or that they should migrate from their homeland, they would have not done it, except a few of them. If they had done what they were advised to do, it would have been better for them, and more effective in making (them) firm” (Qur’an, *Surah An-Nisa* 4:66).

From the Islamic perspective, following instructions passed by *Shari’a* is always better for the Muslims. By making it compulsory on every Muslim businessman to learn the teaching of *Shari’a* about his trait, and then by declaring some products, services, food and activities impermissible, Islam saves Muslims from harmful effects of impermissible items and thus ensures wellbeing of Muslim society.

### 4.2.1.2.2 Impermissibility Stemming from the Adverse Outcomes of the Businesses on Others

Islam does not tolerate and allow any business to operate which negatively effects other members of society. It is obligatory on Muslim businessmen to save people from any possible harms of their business. During the interviews, scholars expressed their views on the issue and severely criticized contemporary businesses for polluting the environment and for not taking necessary steps to control it. One senior *Mufti* expressed his views as under:
There is a well-established principle in Islam based on a tradition of Prophet Muhammad (ﷺ) that “there should be neither harming nor reciprocating harm” (Hadith, Narrated in *Sunan Ibn-e-Majah*). Islam is a religion of peace. It is peaceful towards the lives of others. It is peaceful to the environment. Islam has established rights of neighbors, animals, trees and all members of society on the Muslims. It is our responsibility as a Muslim and as a human to make sure that our businesses do not harm any human beings, trees and animals. {Hujjatul-Islam-wal-Muslimin Azhar Hussain Bihishti, File1:AR37}

Another senior *Mufti* responded:

This is a basic principle of Islam that “there should be neither harming nor reciprocating harm” (Hadith, Narrated in *Sunan Ibn-e-Majah*). Islam does not allow any individual to even destroy his legal property let alone causing harm to others. If a Muslim comes to know that his business or some activity of the business will be harmful for other people, he is bound to take remedial steps. Islam does not allow a person to make material gain while harming others. {Hujjatul-Islam-wal-Muslim Azhar Hussain Bihishti, File 1:AR97}

The scholars believe that this issue can only be addressed after the establishment of an Islamic government. The government officials will then ensure compliance from the business community to safeguard the interest of masses. However, absence of such governance structures does not lift responsibility from business community. Muslim businessmen should always remember that any business which compromises on the wellbeing of the society is *haram*.
4.2.1.2.3 Restrictions on Business Operations and Contracts

Islam further minimizes chances of any exploitation in society by disallowing some possible business contracts and by imposing defined rights of employees, customers and vendors on the businessmen and firms.

4.2.1.2.3.1 Contractual Restrictions

The respondents explained the contractual ills\(^\text{15}\) and conditions for valid sales and purchase under the following three main heads:

4.2.1.2.3.1.1 Riba

Riba is an extremely important topic in Islamic economics. There is consensus in Muslim world on impermissibility of riba and scholars quote a number of Qur’anic verses and saying of Prophet Muhammad (ﷺ) about impermissibility of riba. Muslim scholars believe that goal of an equitable and fair economical and social system is unachievable without eliminating riba from the society. Head Mufti of a renowned darul ifta which have strong association with an Islamic political party in Pakistan commented as under:

> The literal meaning of riba is ‘increase’. Allah says in Qur’an that “Allah destroys riba and nourishes charities, and Allah does not like any sinful disbeliever (Qur’an, Surah Al-Baqarah 2:276)”. In this verse, the word of riba is used with charities in its literal meanings. However, in the context of economics, there are two kinds of riba which are prohibited in Islam. These are “riba al-fadl” and “riba al-nasi’ah”. When one type of

\(^{15}\) Those clauses in a business contract which can make the whole contract Islamically impermissible.
items is unequal exchanged without any delay in time then it is called “riba al-fadl”. On the other hand, “riba al-nasi’ah” arises when an additional amount is charged on a loan or a deferred payment.¹⁶ (Mufti Abdul Qayyum Hazarvi, File 1:P15)

The concept of “riba al-fadl” can be understood from two traditions of Prophet Muhammad (ﷺ). Hazrat Ubada bin Samit RA quotes one of the sayings of Prophet Muhammad (ﷺ) that:

“Gold for gold, silver for silver, wheat for wheat, barley for barley, dates for dates, salt for salt, like for like, same for same, hand to hand. But if these commodities differ, then sell as you like, as long as it is hand to hand” (Hadith, Narrated in Sahih Muslim).

“Gold for gold, weight for weight, like for like. And silver for silver, weight for weight, like for like. Whoever adds more or asks for more, that is Ribâ” (Hadith, Narrated in Sahih Muslim).

The scholars stated that whenever Islam declares something haram, it also closes all doors to reach that haram and that is why “riba al-fadl” has been declared haram. Prophet Muhammad (ﷺ) explained the rationality behind impermissibility of “riba al-fadl” by saying that “do not sell dhinar for two dhinars, and one saah for two saah, because I fear you may indulge in riba”. Islam does not allow business community to involve in any interest based transaction.

¹⁶The concept of “riba al’nasi’ah” is easy to understand as it refers to interest charged on loans or to any fine charged because of delayed payments. However, “riba al-fadl” requires some further elaboration. Prophet Muhammad (ﷺ) named six items (gold, silver, wheat, barley, dates, salt) while declaring “riba al-fadl” haram. There is disagreement among scholars on the applicability of the concept of “riba al-fadl”. While some scholars believe that the “riba al-fadl” only arises in the exchange of above mentioned six items, other scholars have different point of views. Imam Abu Hanifa and Imam Ahmad believe that this ruling will apply on every measurable and weighable item. However, Imam Shafi believes that the concept is applicable for all eatable things and world’s currencies, and Imam Malik believes that this type of riba arises in exchanges of all food items and storable items. The disagreement of scholars on the issue is because of the reason that Prophet Muhammad (ﷺ) never explained whether the concept is restricted to these six items or not.
Therefore, rather than getting loans from financial institutions, Islam encourages businessmen to get finances through *mudharaba*\(^{17}\) and *musharika*\(^{18}\) arrangements, and to be lenient with the underprivileged class in their business dealings. By doing so, Islam saves common men from exploitation by the elites and tries to improve the relationship between rich and poor. *Mufti* Abdul Qayyum further explained his views on the topic as under:

Riba is based on injustice, selfishness and exploitation. It kills the spirit of compassion and mercy. Iqbal beautifully summed it up by saying:

“*The banks leave the churches far, far behind. What appears as economic activity is actually a game of dice. The interest charged by one is sudden death for many. This science, this philosophy, this research, this politics— sucking human blood, while preaching human equality*”\(^{19}\) (Mufti Abdul Qayyum Hazarvi, File 1:P16)

On the contrary, benevolent loans have generosity, sympathy and equality. And Islam wants to develop these sentiments in Muslims businessmen for their less privileged religious brothers so that businesses indirectly become a source of good for every member of the society.

### 4.2.1.2.3.1.2 *Gharar*

\(^{17}\)It refers to that kind of business partnership in which one business partner invest his capital in the business and the other business partner manage and runs the business (Usmani, 2004).

\(^{18}\) It refers to that kind of business partnership in which two or more individuals invest their capital in a joint business (Usmani, 2004).

\(^{19}\) Translation taken from Khan and Koshul (2011)
Eliminating *gharar* from business transactions is a matter of huge importance in Islamic economics as *gharar* can also invalidate a number of transactions between two parties. Whenever a sales or purchase agreement contains uncertainty and/or ambiguity, it is called *gharar* in the terminology of Shari’ā. A senior Mufti explained the concept of *gharar* as follows:

Islam has prohibited Muslims from numerous business transactions because of *gharar*. *Shari’a* demands that there should not be any ambiguity in the contract between two parties. Gambling is an extreme form of *gharar* in a contract. In a *hadith*, it is reported that “The Messenger of Allah forbade Hasâh transactions (that involve throwing stones) and transactions involving ambiguity” (Hadith, Narrated in *Sahih Muslim*). The *gharar* can arise in the contract because of uncertainty and ambiguity in price, payment terms, existence of subject matter, and terms and conditions. You can also find *gharar* in employment contracts in the form of ambiguity in employees’ job descriptions. Islam wants fair dealings between any two parties, and is against any such uncertainty and ambiguity which can be eliminated with additional information. Clear contracts minimize any possible conflict between contractual parties. {Mufti Muhammad Shoaib, File 1:AE17}\}

Islam recognizes that it is impossible task to completely eliminate *gharar* from the transactions. Therefore, small amount of *gharar* is allowed and not objectionable in Islam. The business community needs to seek continuous guidance from religious scholars on issues relating to *riba* and *gharar* because of their complexities. However, Islam wants its followers to avoid even doubtful transaction. Prophet Muhammad (ﷺ) is reported to have said that:
“Both legal and illegal things are evident but in between them there are doubtful (unclear) things and most of the people have no knowledge about them. So whoever saves himself from these doubtful (unclear) things, he saves his religion and his honour. And whoever indulges in these doubtful (unclear) things is like a shepherd who grazes (his animals) near the Ijiina (private pasture) of someone else, and at any moment he is liable to get in it. (O people!) Beware! Every king has a Himaa and the Hima of Allah on the earth is His illegal (forbidden) things” (Hadith, Narrated in Sahih Bukhari).

4.2.1.2.3.1.3 Instructions for a Valid Trading Contract

In addition to riba and gharar, scholars have mentioned following conditions for a valid Islamic business contract (Islamic Tareeqa-e-Tijarat, 2013):

**Principle 1:** Seller cannot sell a product before its existence. For example, child of a goat cannot be sold before its birth.

**Principle 2:** Seller cannot sell a product without its ownership.

**Principle 3:** The item to be sold should either be in direct possession of the seller or he should assume all risk associated with the product.

Bay as-salam and Istisna are two exceptions in Shari’a against the above mentioned three rules. In bay as-salam, a manufacturer or farmer can sell his products in advance with the fulfillment
of due conditions prescribed by *Shari’a*. *Istisna* is applicable for products which are manufactured and produced on order.

**Principle 4:** The item of sale should have a *halal* usage.

**Principle 5:** The item of sale will not be solely used for forbidden activities. There are two opinions among scholars on this issue. One group of scholars restricts sellers from any business relationships with a company involved in business of *haram* goods and/or service. On the other hand, the other group of scholars allows trading of *halal* products with companies involved in impermissible businesses.

**Principle 6:** The sale should not be linked with a condition or happening of an event.

**Principle 7:** Purchasing over the purchase of other Muslim is not allowed.\(^{20}\)

**Principle 8:** The customer will have the right to return the product if he does not find the product to be of promised quality.

**Principle 9:** Promise of sale can be made for a future date. However, selling a product today with effect from a future date is not allowed.

**Principle 10:** The seller should have the ability to transfer the possession of traded item to the purchaser.

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\(^{20}\)It is impermissible in Islam for a Muslim to urge his Muslim brother to cancel his deal with some other party by offering a better deal. For instance, if person A has sold his pen to person B in 100 Rs then it is impermissible for person C to urge person A to cancel his contract with person B by offering him 150 Rs (Ahmed, 2014).
**Principle 11:** The price of the product should be fixed at the time of product and it will not change afterwards.

**Principle 12:** The sale agreement should take place with mutual consent.

From the Islamic perspective, the obligation to acquaint oneself with the relevant business related *Shari’a* teachings, permission to involve in trade of only *halal* items, prohibition of involving in business dealings containing either *riba* or *gharar*, and almost a dozen of instructions regarding permissible trading stops business companies, big or small, from taking advantage of their financial positions. Thus, a company, running on the complete teachings of *Shari’a*, willingly or unwillingly, consciously or unconsciously, displays highest level of corporate social responsibility. One *Mufti* expressed his views as under:

> Whenever a businessman or a company conforms to the teachings of *Shari’a*, it does not separately need to think about corporate social responsibility because it is inbuilt in the teachings of *Shari’a*. Islamic teachings protect the rights of all stakeholders and save them from any possible exploitation, and play a positive role in helping the deprived citizens of the society through imposition of obligatory charity and by giving them huge incentives for voluntary charity. {Mufti Hassaan Kaleem, File 1:AH17}

### 4.2.1.2.3.2 Responsibilities relating to Employees (Obligatory Rights)

According to the religious scholars, Islam has placed great importance on issues relating to employees. *Shari’a* has explained the rights relating to employees and the mechanism to protect these rights. These rights can be divided in two categories, i.e., 1) Obligatory rights; 2) Recommend rights. Our discussion in this section will focus only on obligatory rights. These
rights cannot be compromised at the time of agreement between employees and employers. These responsibilities need to be fulfilled in totality as neither employee has the right to wave them off nor employer can take them away in the employment agreement.

4.2.1.2.3.2.1 Job Responsibilities should be clearly mentioned in Employment Contracts and should not be contrary to Shari’a

As discussed under the section of *gharar*, employment contracts should clearly specify expected job responsibilities of the employees and complete salary package. Employers can only demand extra work from their employees if they are ready to pay additional salary for that work. The following response of a senior *Mufti* further clarifies the issue:

If employer asks his employee to perform a task in addition to what he is required by their agreement then he has to pay his employee the salary of the additional work.

Payment of overtime is now responsibility of the employer. Unfortunately, employers pay salary according to eight hour workload but force their employees to work for twelve hours. Islam absolutely rejects such practices and orders employers to pay for the additional work. {Hujjatul-Islam-wal-Muslimin Haidar Hussain Kazmi, File 1: AQ35}

Furthermore, the job responsibility should not contain anything contrary to the teachings of *Shari’a* as Muslims are not allowed to obey any such instruction. A senior *Mufti* expressed his issues on the issue as under:

Always remember one key principle of *Shari’a* that we cannot obey anyone if the order is against the teaching of *Shari’a*. This principle is based on a saying of Prophet Muhammad (ﷺ) that “No obedience for *Ma ‘siya* (sinful evil deeds), obedience is
required only in what is *Al-Ma 'ruf* (Islamic Monothism and all that Islam ordains, and all that is good)” (Hadith, Narrated in *Sahih Bukhari*). Now, if an employer demands from his employee to do some impermissible work, the employee should straight forwardly apologize to perform such duty. He should even consider quitting the job if he is required by his employers to do a number of such tasks which are prohibited in Islam. However, he should first find a substitute job before putting forward his resignation.

{Mufti Iftikhar Baig, File 1: AF83}

Majority of the respondents declared it obligatory on employees to quit their jobs if their job responsibilities include performance of impermissible duties. However, some scholars seem to believe that this strategy of quitting the job is not realistic from the perspective of employees. Their arguments are best explained by response of a senior *Mufti* who is working in the largest *darul ifta* of his city:

> Quitting job can only be an option if you can find a job somewhere else where you will not be required to do any *haram* activity. Unfortunately, the whole contemporary system is working on wrong principles and almost every company asks their employee to perform some duties which are not permissible in Islam. Obviously, in such cases quitting job will not bring any good because you will again be demanded by the next employer to perform similar impermissible duty. Employees should preach the Islamic teachings at the workplace and if he has fails to avoid any impermissible duty then he should continuously seek forgiveness from the Creator. {Mufti Muhammad Aalamgir, File 1:Z83}
Thus, clear understanding and description of job responsibilities in the employment contract is the first binding responsibility of both parties. This ensures minimization of any possible conflict between the two parties.

4.2.1.2.3.2.2 Reasonable Salaries & their Timely Payment

Islam has left the matter of salary fixation on the agreement between employers and employees. Religious scholars hold two different views on salary calculation. Some scholars believe that the consent of both parties will decide the salary level. Once the both part parties agree to a salary level, the religious obligation of employer is to only pay that salary in time, as indicated by following response of a senior Mufti and a renowned religious scholar:

Islam leaves the determination of salary level on willful agreement between employers and employees. If both parties willfully agree on a salary level then the responsibility of the employer will only be to pay that salary at the promised time. {Mufti Muhammad Irfan, File 1:G76}

On the contrary, majority of scholars believe that the salary should at least cover the basic requirements of the employees. According to these scholars, employers need to take into account the basic requirements of employees along with the nature of work and their qualifications before determining their salaries. One of these respondents expressed his views as under:

In my view, salary should be determined by taking into account the essentials needs of the employee, nature of the work and work hours. Earlier caliphs of Islam also used to consider the requirement of employees before setting their salaries. Unfortunately,
nowadays employers only take into account the qualification of employees and nature of work. Because of this reason many people complain that they are unable to feed their families from their salaries. {Mufti Abdur Rahman, File 1:H76}

While the respondent differed with each other on the mechanism of salary calculation, they were on the same page regarding the role of government to protect employees from any exploitation. The scholars claim that, from the perspective of Islam, government has the authority to set a minimum wage rate level if they feel employees are not waged properly. In that case, it becomes religiously binding on Muslim businessmen to pay according to that rate. One Mufti explained government’s role as follows:

There is an established principle of Shari’a that it becomes obligatory on Muslims to obey the order of governments if the orders are for social good and do not contradict with the teachings of Shari’a. Allah says in Holy Qur’an, “O you who believe, obey Allah and obey the Messenger and those in authority among you. Then, if you quarrel about something, revert it back to Allah and the Messenger, if you believe in Allah and the Last Day. That is good, and the best at the end” (Qur’an, Surah An-Nisa 4:59). Now, governments fix minimum wage rate by considering all factors and do it for the betterment of people. Therefore, adherence to such order is obligatory on Muslim businessmen. {Mufti Abdul Majid, File1:AO44}

From the above discussion, it is evident that Islamic teachings do not contain a clear cut formula for wage calculation. Islam appears to have left the issue on the willingness of employer and employee. However, it allows governments to intervene in situations when
employers start exploiting their employees. On the other hand, religious scholars also reveal that Islamic sources have numerous direct instructions regarding timely payment of salaries. The employers are very strongly told to timely pay salaries of their employees. The following quote is reflection of answers given by majority of the Muftis on the issue:

Prophet Muhammad (ﷺ) has specially instructed his followers to take special care of employees. He emphasized timely payment of salaries by saying, “Give the worker his wages before his sweat dries” (Hadith, Narrated in Sunan Ibn-e-Maja). Furthermore, he warned people about a dangerous outcome on the Day of Judgment if they do not pay wages of their employees. He said, “Allah Said, ‘I will be the opponent of three on the Day of Judgment: one who makes a covenant in My Name and then breaks it; one who sells a free man as a slave and devours his price and one who hires a workman and having taken full work from him, does not pay him his wages” (Hadith, Narrated in Ibn-e-Abi Shaiba)\(^2\). Unfortunately, mill owners of contemporary business world do not pay salaries in time. They even hold back salaries of two/three months to have better control on the employees. This is a big issue of contemporary business that employees are exploited at workplaces. {Mufti Shahbaz Qadri, File1:F77} 

In summary, Islamic teachings give freedom to employers and employees to willfully agree on a wage rate without exploiting rights of one another. Furthermore, huge importance has been given on timely payment of agreed upon wages.

4.2.1.2.3.2.3  Respect for Employees

It is difficult to satisfy and retain employees at jobs without providing them a culture of mutual-respect at workplace. This is why, providing such environment is considered by many as a big responsibility of employers towards their employees. Islam recognizes the importance of respect and wants employers to treat their employees with compassion, kindness, forgiveness and respect. Religious scholars quoted numerous sayings of Prophet Muhammad (ﷺ) during the interviews highlighting the importance of the issue. Following responses by a couple of respondents summarizes the opinion of all respondents. One scholar expressed his views as under:

Islam wants employers to respect, gratify and help their employees. One companion of Prophet Muhammad (ﷺ) has reported an incident that “I was beating a slave of mine, and I heard a voice behind me (saying): 'You should realize, Abü Mas'ud, that Allah has more power over you than you have over him.' I turned around, and I saw the Messenger of Allah. I said: 'O Messenger of Allah, he is free for the Face of Allah.' He said: 'If you had not done that, the Fire would have scorched you,' or 'the Fire would have touched you” (Hadith, Narrated in Sahih Muslim). Obviously, the lesson here is that no injustice should be done with people under you. Prophet Muhammad (ﷺ) used to treat his servants with exemplary kindness, tolerance and forgiveness. Hazrat Anas, who served Prophet Muhammad (ﷺ), reports that “I served the Prophet; for ten years, and he never said to me, 'Uff' (a minor harsh word denoting impatience) and never blamed me by saying, "Why did you do so, or why didn't you do so” (Hadith, Narrated in Sahih
This is how Islam teaches employers the way to treat their employees. {Mufti Ghulam Ali Awan, File1:N18}

Another experienced Mufti commented as under:

Islam wants Muslims to treat their employees as their brothers. You can understand Islamic teachings from the hadith about Hazrat Abu Dhar Ghaffari. One companion reported that “At Ar-Rabadha I met Abu Dhar who was wearing a cloak, and his slave, too, was wearing a similar one. I asked about the reason for it. He replied, "I abused a man by calling his mother with bad names." The Prophet said to me, "O Ahu Dhar! Did you abuse him by calling his mother with bad names? You still have some characteristics of ignorance. Your slaves are your brothers and Allah has put them under your command. So whoever has a brother under his command, should feed him of that which he eats and dress him of that which he wears. Do not ask them (slaves) to do things beyond their capacity (power) and if you do so, then help them” (Hadith, Narrated in Sahih Bukhari). Islam wants to reduce the distance between rich and poor.

Unfortunately, people do not follow this principle nowadays. {Mufti Ikramullah, File 1:Y35}

Many respondents critically analyzed the contemporary practices of business community regarding treating employees. They told during the interviews that they are often told horrible workplace related stories by people who work at lower levels in companies. However, because of possessing no formal authority, they feel quite helpless in those situations.

4.2.1.2.3.2.4 Religious Freedom
Increased diversity at workforce around the globe has enhanced the importance of discussions on level of acceptable religious freedom in firms. Orthodox Islamic scholars claim that Muslim and non-Muslim employees have unequal rights as far as the religious freedom at the workplace is concerned. There was a complete consensus among the scholars on this topic. Following explanation of a senior Mufit briefly explain orthodox Islamic perspective on this issue:

Everybody is equal from the perspective of humanity. Therefore, there will not be any difference in salary level or other such things on the basis of religious affiliation. Muslims as well as non-Muslims are allowed and should be given time to do their ibadas, and to fulfill their religious obligations. However, non-Muslims are not allowed to preach their religion. {Mufti Shahbaz Qadri, File 1:F104}

Religious freedom has been given so much importance in Islam that, according to scholars, Muslims are not permitted to work at a place where they cannot perform their obligatory religious rituals. This restriction is imposed on the bases of the hadith of Prophet Muhammad (ﷺ) that “No obedience for Ma 'siya (sinful evil deeds), obedience is required only in what is Al-Ma 'ruf (Islamic Monothism and all that Islam ordains, and all that is good)” (Hadith, Narrated in Sahih Bukhari). Given the above discussion, it can be stated that it is obligatory on employers to permit their Muslims and non-Muslims employees to perform their religious duties with the exception that non-Muslims will not have the right to preach at the workplace. On the contrary, Muslims are also restricted to work only at those places where their right of religious freedom is acknowledged.
4.2.1.2.3.2.5 Religious Training of Employees

The respondents have found to have a slight difference of opinion on the issue of religious training of employees. Majority of respondents believe that providing a religiously conducive environment and conveying the message of Islam to employees are obligatory on employers. The environment includes providing facilities to offer prayers, arrangements for gender segregation, placement of Qur’anic verses and ahadith in the office and enforcement of Islamic dress code in the company. The employers further need to remind and propagate Islamic teachings in their companies to fulfill their religious obligation. The arguments for this view can be understood from the following responses of respondents. One senior Mufti gave his views as under:

Providing such an environment in which employees can do their jobs according to the injunctions of Shari’a is responsibility of the owners. Furthermore, it is also owners’ responsibility to create an environment in which employees can perform their religious obligatory rituals without any problem. Preaching employees is the responsibility of employers. Companies should make their environment Islamic. Prophet Muhammad (ﷺ) said, “All of you are shepherds and each of you is responsible for his flock (Hadith, Narrated in Riyad-ud-Salihin)22. In light of this hadith, it is the responsibility of employers to preach and propagate the message of Islam in their company and facilitate employees to become better Muslims. {Mufti Haseeb Qadri, File 1:L37}

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22 Translation of all ahadith of ‘Riyad-ud-Salihin’ in the dissertation has been taken from the English translation of ‘Riyad-ud-Salihin’ by Ustadha Aisha Bewly
Another *Mufti* commented as follows:

Some acts of worship are obligatory in Islam. Therefore, it is obligatory on employers to facilitate those employees who want to perform these acts of worships. Implementation of policies which make it easy to do virtuous deeds and make it difficult to do sinful things is obligatory on the people at the top in governments, businesses, homes or anywhere else. {Mufti Usman Tahir, File 1:AC37}

On the other hand, some scholars also believe that, along with the providing conducive environment and conveying Islamic teachings, it is also obligatory on employers to encourage and promote practicing Muslims, and discourage non-practicing Muslims through their organizational policies. Following response of a scholar can help us to understand the perspective of these scholars:

Religious training of employees is also essential responsibility of employers. There is a *hadith* that “All of you are shepherds and each of you is responsible for his flock” (Hadith, Narrated in *Riyad-ud-Salihin*). Therefore, compelling employees to obey the compulsory orders of Islam is obligatory on employers. Allah says in Qur’an that “(The ones who help Allah are) those who, when We give them power in the land, establish Salah, pay Zakah, bid what is Fair and forbid what is Unfair. And with Allah lies the fate of all matters” (Qur’an, *Surah Al-Hajj* 22:41). Therefore, employers need to preach Islam and morally train their employees. Obviously, it does not make much sense that I lose my temper if my employee breaks traffic signal and remain unconcerned if he does not offer obligatory prayers. You can fire your employee if he does not listen to you and
keep on doing sinful things. For this purpose, it is better to add a clause in the employment agreement that employee can be fired on not obeying obligatory instructions of the Creator. {Mufti Najeeb Khan, File 1:AJ37}

In summary, Islam does not limit the relationship between employers and employees to the job related things. Rather, Islam wants employers and employees to always remember Almighty, and try to contribute towards the eternal success of each other. With such an environment in an organization, Islamic teachings can ensure greater satisfaction among employees and a better relationship between employers and employees.

4.2.1.2.3.2.6 Employees’ Job related Shari’a Training

The aim of business related Islamic teachings is to ensure that all business activities are done in accordance with the teachings of Shari’a. The prime addressees of these injunctions are business owners because they supervise the businesses on day to day basis and possess legitimate powers needed to implement these injunctions. Sometimes, the volume of business gets so big that it becomes virtually impossible for business owners to monitor, check and approve every activity of the business. So, they have to hire managers to work on their behalf and carry out the needed tasks. In such cases, job related religious training of employees assumes great significance. Therefore, respondents believe that it is binding on employers to either select those applicants for the jobs who know teachings of Shari’a regarding their jobs or provide the selected employees essential religious training to rightfully carry out the task. Otherwise, owners will be responsible for every mistake done by employees because of their ignorance. One senior Mufti gave his comments as under:
First of all, it is obligatory on Muslims employees to learn relevant teachings of Shari’ah before applying for a job. Employer should select those employees who know the Islamic ways of doing their job. However, if such applicants are not available then in the light of hadith “All of you are shepherds and each of you is responsible for his flock” (Hadith, Narrated in Riyad-ud-Salihin), it becomes obligatory on employers to provide their employees necessary job related religious training. Only after such training, they will not be questionable for any impermissible act done by employees due to ignorance.

{Mufti Faisal Ahmad, File1:AN33}

Job related religious education of employees is important to ensure that no department and/or employee engage in religiously impermissible activity out of ignorance. It eliminates any possible excuse from employers for not fulfilling their religious responsibilities towards the society because of non-availability of religiously trained workforce.

4.2.1.2.3.3 Marketing related Guidelines

Companies have to raise awareness of their product and/or service related information among masses by available means in order to attract customers. Such activities can only performed by not breaking the instructions of Shari’a regarding the content, method and effect of the communicated message. In contemporary world, these activities are planned and executed by marketing departments. Islamic teachings provide following guidelines for Shari’a compliant marketing activities:

4.2.1.2.3.3.1 Claims should be based on Truth
The claims regarding products and/or services should be based on truth. Islamic teachings strictly reject any possibility of deceiving and cheating customer by providing exaggerated and unsubstantiated claims regarding the products and/or services. Respondents unanimously hold the opinion that claims made by marketing departments in their communication plans should be based on truth. Otherwise, the consequences of deceiving people will be really horrible as Prophet Muhammad (ﷺ) clearly informed the businessmen that “Indeed the merchants will be resurrected on the Day of Judgment with the wicked, except the one who has Taqwa of Allah, who behaves charitably and is truthful” (Hadith, Narrated in Jami At-Tirmidhi).

Orthodox Islamic scholars also emphasized that it is extremely important for sellers to not deliberately hide flaws of their product from their customers. They also quoted many sayings of Prophet Muhammad (ﷺ) and incidents of his companions which show their concern for this issue. Some of them are quoted as under:

“The two parties to a transaction have the option (of canceling it) until they part. If they are honest and disclose any defects, their transaction will be blessed, but if they lie and conceal defects the blessing will be erased” (Hadith, Narrated in Muslim).

“It is not just for a man to sell his merchandise without disclosing its defects. It is proper for the vendor to tell the buyer of any defects of which he is aware” (Hadith, Narrated in Ahadith of Ahmad Ibn Hambal)24.

23“Most people's business depends on cheating, deceiving, and fraudulent tricks. So, the Prophet j said that such businessmen will be raised with the wicked offenders. Those who abide by the Laws of Allah and fulfill their promises with the people, and are honest in their dealings, will get their reward as has been mentioned in the preceding narration (Commentary of the hadith by Abu Khaliyil – Translator of 'Jami At-Tirmidhi, Published by Darussalam Publishers and Distributors).”

24Translation of Hadith taken from “http://www.alfalahconsulting.com/2012/02/hadith-muamalat.html”
On the basis of these and similar sayings of Prophet Muhammad (ﷺ) scholars consider it obligatory on the part of seller to inform customers about the faults of the product before the sales contract. However, some scholars also pointed out the possibility of a sale contract in which this condition is not obligatory. Nevertheless, all scholars emphasized the importance of informing customers about any possible defects in the product. One senior Mufti expressed his views on the issue as under:

Islam has taught us that if there is any flaw in the product, we should communicate it to the buyers. Prophet Muhammad (ﷺ) told us that “It is not just for a man to sell his merchandise without disclosing its defects. It is proper for the vendor to tell the buyer of any defects of which he is aware” (Hadith, Narrated in Ahadith of Ahmad Ibn Hambal). Obviously, it would not be fair that sellers conceal information regarding the defect of the product only for material gains. {Mufti Abdul Hannaan, File 1:AX55}

Therefore, the communicated message should be based on truth and should not conceal any possible product defect. The enforcement of these instructions saves community from any fraud from traders. Furthermore, the businessmen are indirectly told that they cannot enjoy material gains by deceiving and cheating others.

4.2.1.2.3.3.2 Protection of Religious and Social Values

Marketing campaigns should not violate any instruction of Shari’ā and should not contain anything which promotes wrongdoings in society. For example, respondents strongly feel that the present use of females in advertisements is in clear contradiction to the teachings of Islam. The scholars were worried that this impermissible practice is present in the advertisements of
even companies which are run by religious people as mentioned in the following response of a senior *Mufti*:

The use of females in advertisements can only be done with some restrictions. However, in contemporary advertisements, women are used in very inappropriate ways. And as it has now become a common practice, even religious business community has also started using females in the advertisements of their products. This is disgraceful for women and is very unfortunate. Such advertisements promote a negative culture in our society. {Mufti Ikramullah, File 1:Y33}

Some respondents were also quite critical on the indirect message of the marketing campaigns. For example, one *Mufti* said:

A few days ago, I saw a sign board on ‘Defense crossing in which two three girls were shown having some food with two three boys. Their expressions and actions were quite inappropriate. Similarly, I saw a TV commercial in which a slogan ‘eat, drink and live with enjoyment’ was promoted. At the face value, it is a simple slogan. However, this message is not in line with the teachings of Islam because Islam wants people to live a purposeful life. Similarly, a boy is shown in a commercial of a soft drink deceiving his father for the sake of watching a cricket match on TV. This is portrayed as increase in intelligence because of soft-drink consumption. Permission of such advertisements can have extremely adverse consequences for the society. {Mufti Ghulam Ali Awan, File 1:N42}
Thus, from the Islamic perspective, the marketing campaign should be based on truth, should mention any possible defect and/or problems in the product, should not use impermissible ways of communicating message, and should not promote anti-religious and social values.

### 4.2.1.2.3.4 Fulfillment of Contracts

From the perspective of orthodox scholars, Islamic teachings place huge emphasis on fulfillment of promises. The importance of fulfilling promises can be understood from a *hadith* in which Prophet Muhammad (ﷺ) declared that “There is no religion for the one who does not fulfill his promises” (Hadith, Narrated in Ahmad)\(^{25}\). Therefore, fulfillment of business contracts with suppliers and/or buyers is extremely important for Muslims businessmen. This includes timely payments to suppliers and delivery of promised quality goods to customers. It is also pointed out during the interviews that it is compulsory for a person or company to timely pay the price of the purchased/supplied product, and provide promised quality to the customers. Respondents believe that ideal relationship of companies with their suppliers and customers can be maintained by showing a commitment and record of fulfilling contracts and promises.

In summary, the above discussion regarding the obligatory activities relating to operations and formation of business contracts reveals that even in the business of permissible products and/or services, Islam places numerous restrictions on business owners to ensure and safeguard the interest of society members. As a result, any company, which meets these minimum requirements set by Islam, automatically ensures a reasonable level of corporate social performance.

\(^{25}\)Translation of Hadith taken from “http://www.inter-islam.org/Actions/Trust.htm”
4.2.1.3 Adherence to Law of Land in Mubah

According to orthodox Islamic scholars, it is also obligatory to obey those orders of governments which do not violate any injunction of Shari’a. These governments also possess the power to ban a permissible practice or product in order to safeguard the interest of common people. For instance, many scholars gave the example of Melon that government can ban the sale of Melon if there is outbreak of cholera considering the fact that it may worsen the situation. The reasoning behind this decision is the principle of Islamic jurisprudence that private harm is preferable to public harm. Such laws become binding on the masses, and scholars claim that it is sinful to break those laws. The following verse was quoted numerous times by scholars to elaborate this point:

“O you who believe, obey Allah and obey the Messenger and those in authority among you. Then, if you quarrel about something, revert it back to Allah and the Messenger, if you believe in Allah and the Last Day. That is good, and the best at the end” (Qur’an, Surah An-Nisa:4:59).

All orthodox scholars except scholars from Shiite school of jurisprudence believe that governments’ role is confined in mubah/permissible areas. Muslims are not allowed to obey any order which directly violates any teachings of Shari’a as is evident from the following response of senior Mufti:

In mubah (permissible) areas, it is obligatory to obey those orders of rulers which they give to protect the interest of common people. It is responsibility of governments to
safeguard people from any harm by passing necessary orders. However, obedience to any order in the disobedience of Allah is not allowed. {Mufti Khalid Aazmi, File 1:AK99}

On the other hand, Shiite school of jurisprudence believes that supreme religious scholar possess the authority to ban or make any practice obligatory on Muslims in public interest. One scholar explained the perspective of Shiite school of jurisprudence as under:

In our Islamic system, walia-e-amur (religious head) can pass any binding order in public interest. His order will be considered as the order of Islam. For example, performing hajj is obligatory in Islam but due to some reasons, Imam Khomeini stopped shiites from going for hajj. After this order, shiites didn’t perform hajj for a number of years because order of Imam Khomeini was the order of Islam. {Hujjatul-Islam-wal-Muslimin Muhammad Tauqir Abbas, File 1:AS99}

In summary, through a powerful and vigilant government, Shari’a ensures that no party violates the rights of other party. The presence of such systems also gives hope to every individual of the society to get remedy and get protection from any unfair and exploitative action/strategy by others.

4.2.1.4 Zakat (Obligatory Charity)

Islam aims to establish a society in which people live together in a spirit of goodwill and sympathy. To achieve this purpose, Islam makes it mandatory on every rich Muslim to give a defined percentage of his wealth in charity on annual basis. This charity improves the relationship between privileged and unprivileged classes of societies (Kenny and Köylü, 2003). The scholars revealed during the interviews that according to three schools of jurisprudence,
zakat is obligatory on the businesses rather than its owners if the business is done in the form of partnership or a company. They also acknowledge that orthodox scholars are using the concepts of other school of jurisprudences in issues relating to Islamic economics and as a result developing a new metropolitan fiqha. Considering the recent structures of business corporations in mind, these scholars are confident that this concept can become an acceptable Islamic concept around the globe in near future. Principe of a renowned madrassa (Islamic religious school) who is head Mufti of a darul ifta and a religious scholar of International repute commented on the issue as follows:

Three Imams believe that zakat is obligatory on the business. If we want to develop rules for the Muslim countries around the globe, then obviously this principle of imposing zakat on business will need to be accepted. Right now, Hanafi School of Jurisprudence does not accept this principle. {Mufti Hassaan Kaleem, File 1:AH65}

Zakat can only be given to individuals belonging to one of the eight groups of people mentioned in Qur’an26. This is done to ensure delivery of this charity to the deserving people living in the society. If companies pay zakat on their assets as a religious obligation, this can result into better relationships between the companies and the needy people of the societies.

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26 These eight groups of people are mentioned in a verse of Qur’an in which Allah says, “The Sadaqat (prescribed alms) are (meant) only to be given to the poor, the needy, to those employed to collect them, to those whose hearts are to be won, in the cause of the slaves and those encumbered with debt, in the way of Allah and to a wayfarer. This is an obligation prescribed by Allah. Allah is All-Knowing, Wise.”
4.2.2 Recommended CSR Activities

The foundation of Islamic teachings regarding society related issues rests on justice and benevolence. The obligatory CSR activities ensure protection of rights of all stakeholders in the society. On the other hand, recommended CSR activities help to create a culture in societies where needy people can get more than their legitimate rights. According to religious scholars, this principle is extracted from averse of Holy Qur’an in which Allah says, “Allah enjoins to do justice and to adopt good behavior and to give relatives (their due rights), and forbids shameful acts, evil deeds and oppressive attitude. He exhorts you, so that you may be mindful” (Qur’an, Surah Al-Nahl16:90). The good conduct can be understood from a saying of Prophet Muhammad (ﷺ) that “The best of people are those that bring most benefit to the rest of mankind” (Hadith, Narrated in Daraqutni)27.

Islamic teachings are full of directions and incentives regarding recommended CSR activities. During the interviews, scholars referred some books as well which contains detailed discussions on nature and benefits of these activities. However, in this section, the focus is on those recommended CSR activities which the scholars mentioned and explained during the interviews.

4.2.2.1 Responsibilities relating to Employees

Islam desires that all segments of society should benefit from the business community. These segments of societies include employees, neighbors, suppliers, buyers, relatives, customers and

needy people. People who belong to more than one group hold greater right to take benefit from owners of the businesses. Based on this point, scholars argue that lower level employees of business organizations deserve greater attention by the employers as they are employees, neighbors and needy people at the same time. Therefore, helping and improving the conditions of employees should be the top priority of any company. In essence, the businesses and/or rich people should behave like light lamps which provide maximum light to the area near it to finish the darkness in the societies. With so many ‘lamps’ in the societies in the shape of businesses and rich people, the status of common man can be vastly improved. One senior *Mufti* gave his comments as under:

> Companies should first help their employees before helping other people. What I have understood after meeting different mill owners is that people do charity for two different reasons. Some people really want to help poor, but others do charity for economic gains by creating goodwill in society. The owners of our mill spend a lot of money on providing food to poor community and on women education. I asked them why they do not first do charity on their employees. They told me that they have to do it to create goodwill for their business. {Mufti Muhammad Zulfiqar, File1:T86}

Some scholars believe that even in the selection of employees, candidates belonging to underprivileged class should be given preference if these candidates satisfy other requirements for selection. As quality of work will not be compromised by such selection, companies can help the underprivileged class without compromising their financial interests. Companies should also sought relevant information from the candidates to make a socially responsible section process. According to one *Mufti*:
Needy people should be given preference in job selection if they satisfy other clauses of selection criteria. This can be a very good way of helping people belonging to underprivileged class. Companies should get information from the applicants about their financial backgrounds to take this factor into account. {Mufti Muhammad Sharif, File 1:AW65}

Islamic teachings include guidelines regarding two other factors as well which hold prime importance in contemporary world. These two factors are gender and religious belonging of the applicants. Although Islam does not explicitly prohibit female employment, it allows females to work only on the fulfillment of two conditions, i.e., they will abide by the Islamic instructions regarding the dress code and interaction with males at the workplace. Upon fulfillment of these conditions, they are free to apply for a job. However, according to Islamic teachings, males are responsible to meet the financial needs of the household. Therefore, male applicants should always be preferred over female applicants if female applicants are not forced by the financial conditions to do a job. According to a senior Mufti who is working as a Shari’a consultant in a business organization:

Islam has not prohibited women to do job or to do business. Sometimes, females are forced to step out of their homes to do job in order to properly feed their family. In such cases, they have full right to do job if the job requirements do not require breaking any instructions of Shari’a. On the other hand, if female is not financially forced to do a job then it is preferable to select male candidate over the female candidate because males are responsible to financially support other members of his family. {Mufti Shafiq Madni, File 1:BB98}
Similarly, in case of hiring non-Muslims employees, majority of scholars believe that Muslim applicants should be preferred if remaining credentials of Muslim and non-Muslim applicants are almost the same. On the contrary, some scholars argued that a small percentage of employees can and should comprise of non-practicing Muslims and non-Muslims so that they can be influenced in the Shari’a compliant environment. One of these scholars commented as under:

It is considered good to avoid conflicts at workplace to hire employees with similar views and backgrounds. As a strategy, some companies prefer to hire religious employees. Similarly, some companies prefer employees with liberal views to avoid potential conflicts at workplace. However, in my view, religious companies should also hire some non-practicing Muslims and non-Muslims to influence these people. {Mufti Faisal Ahmad, File 1:AN98}

In summary, companies can and should form their HR policies in such a way that they help the needy people of society and uphold the Islamic values without compromising on the economic interests. Furthermore, the philanthropic activities of business firms should give primary importance to their own employees.

**4.2.2.2 Promotion of Islamic Values and Teachings**

From the Islamic perspective, every Muslims should preach and communicate Islamic teachings to the best of his abilities as Allah says in Holy Qur’an, “You are the best Ummah ever raised for mankind. You bid the Fair and forbid the Unfair, and you believe in Allah” (Qur’an, *Surah Al-Imran* 3:110). Some scholars shared their experience regarding preaching done by different
segments of society during the interviews. They think that, in the contemporary world, people listen to message seriously if it is communicated by someone considered successful in worldly affairs. Therefore, it should also be one of the goals of businesses to promote and communicate Islamic values and teachings among the members of society. One senior Mufti commented as under:

Business community should preach and promote religious teachings whenever they interact with external people. We have observed that apparently nonreligious people, who are considered successful in worldly affairs, are more effective in preaching and promoting Islam. {Mufti Younas Butt, File1:AY15}

Orthodox Islamic scholars feel that preaching Islam at workplace by business owners is not only a more effective way of preaching Islam, it help all involved to have a continuous in touch with the Islamic teachings.

**4.2.2.3 Care for Competitors**

Islamic teachings encourage Muslim businessmen to care for their competitors as well. Religious scholars argue that fearsome competition is not what Islam wants to see in Muslim business community. Rather, Shari’a wants to establish a brotherly culture between market competitors. A culture where strong companies would support weak companies by sending them customers or by providing them support of any other kind rather than crushing them. A senior Mufti explained this point as under:

To sacrifice one’s own interest to satisfy the needs of other person is something very appreciable in Islam. Prophet Muhammad (ﷺ) practiced such sacrifice himself and also
encouraged his companions to do sacrifice for others and the companions also practiced sacrifice. Qur’an admires by saying “give preference (to them) over themselves, even though they are in poverty” (Qur’an, Surah Al-Hashr 59:9). A Muslim businessman should demonstrate this sentiment at workplace as well by directly his customers to those competitors in his vicinity who is facing difficulty in attracting customers. {Allama Shahid Mahmood, File 1:AP76}

Similarly, according to Muftis, Islamic teachings do not allow businesses to destroy competition by selling products at unrealistically lower prices. Government plays the role of a referee in Islamic economic system and only intervenes to protect any segment of society from exploitation. One senior Mufti commented on the issue as under:

Businessmen should not disturb the market practices with his selling strategies. In the era of Hazrat Umar, a businessman came to sell a product in the market, which he bought at a cheaper price. He started selling the product at a price which was lower than the market price. Hazrat Umar forbade him to do so and asked him either to leave the market or also take into consideration the market price. Nowadays, companies offer multiple schemes to enhance their sales. These schemes are not permissible in Islam in which sellers offer their products for sales at unrealistic low prices. Saudi muftis, including Sheikh Ibn-e-Baaz, have given fatwas against such schemes. Hence, only minor variations in prices are acceptable and big price differences are not allowed due to their impact on other sellers. {Mufti Abdul Hannaan, File1:AX16}
The business located in the vicinity also falls in the category of neighbors. Therefore, these businesses and their owners deserve additional compassion. In principle, Islam wants Muslims to always bear in mind the prime purpose of their existence in this world. This purpose does not allow Muslim businessmen to compromise on their relationships with other human beings because of material interests.

### 4.2.2.4 Care for Neighbors

Islam has given massive importance to the rights of neighbors. The concept of neighbor in contemporary world is restricted to the people living near homes. However, Muslim scholars challenge this understanding and acknowledge the rights of business related neighbors. Their understanding is evident from following response of a senior Mufti:

The concept of neighborhood is not restricted to people living around our residences. It also includes people living around our businesses. According to Islamic teachings, a Muslims will be questioned on the Day of Judgment if he is having good food and his neighbors have nothing to eat. Prophet Muhammad (ﷺ) said, “He is not a believer whose stomach is filled while the neighbor to his side goes hungry” (Sunan Al-Kubra). Therefore, it is responsibility of business community to also do charity at those places from where they are earning profits. {Mufti Dr. Muhammad Imran Anwar, File 1:M19}

These scholars believe that companies doing philanthropically work should give special performance to people living in their neighborhood. Furthermore, companies should take into

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28Translation of Hadith taken from “http://www.dailyhadithonline.com/2012/08/12/hadith-on-neighbors-he-is-not-a-believer-whose-stomach-is-full-while-his-neighbor-is-hungry/”
account the interest of these people in their every important strategy. Any action which can adversely affect company neighbor will be religiously considered impermissible.

4.2.2.5 Social Welfare

Many people living in societies are unable to financial support their families. The obligatory responsibility to help these people lies on the shoulders of governments. However, Islam does encourage people with surplus resources to help these people in order to secure higher places in the Hereafter. In cases where governments are not fulfilling their duties, the responsibilities of the people with surplus resources get increased. While expressing views on this topic, some scholars remarked that one of the social responsibilities of corporations should be to find solution of the massive unemployment in the society. Companies should maintain a separate dedicated fund or use their zakat funds to lend benevolent loans to needy people so that they can come out of poverty and can become donors themselves. This way, a company can become a continuous source of public good.

Scholars quoted numerous verses of Qur’an and traditions of Prophet Muhammad (ﷺ) to show that Islam considers voluntarily helping these people an act worthy of huge rewards in this world and Hereafter. One of the Muftis expressed his views as under:

Islamic teachings contain detailed discussion on recommended charities. Allah says in Holy Qur’an, “And they ask you as to what they should spend. Say, the surplus” (Qur’an, Surah Al-Baqarah 2:219). This explains the desirable charity levels that a person who wants higher place in the Hereafter should spend a lot on needy people. Similarly, Prophet Muhammad (ﷺ) tells us about a past incident that “While a man was in the
wilderness, he heard a voice in a cloud (saying): 'Irrigate the garden of so-and-so.' The cloud moved and sent its water onto stony ground, where there was one of these channels that absorbed all of that water. He followed the water, and found a man standing in his garden, and diverting that water with his shovel. He said to him: 'O slave of Allah, what is your name?' He said: 'So-and-so' - the same name that he had heard from the cloud. He said to him: 'O slave of Allah, why did you ask me about my name?' He said: 'I heard a voice in the cloud from which this water came, saying: "Irrigate the garden of so-and-so," and it was your name. What will you do with it?' He said: 'As you have said this, I look at what it produces, and I give one-third in charity, my family and I eat one-third, and I use one-third as seeds for the next crop’ (Hadith, Reported in Sahih Muslim). Rich people should give in charity way more than obligatory charity if society is not in good condition. No doubt, the primary responsibility of supporting very poor people lies on government. However, if government is not fulfilling their responsibility then additional responsibility falls on the shoulders of rich people to support these people. {Mufti Muhammad Sharif, File 1:AW62}

According to scholars, sometimes recommended charities become obligatory. Rich people cannot give excuse that they have paid the obligatory zakat. A senior Mufti explained this point as under:

From the Islamic perspective, it is responsibility of Islamic government to ensure well-being of society members, provision of a peaceful environment, opportunities to get education and healthcare without any discrimination. In order to fulfill these responsibilities, Islamic government can forcefully take from the wealth of rich people
on top of Zakat. On the other hand, rich people should also not stop on paying only Zakat and should contribute more than the obligatory requirements. In some cases, some charities becomes obligatory because of they are need of time and cannot be delayed. For example, if a person is dying in front of a rich person because of hunger or a disease and the rich person knows that nobody else is helping or feeding this guy then it becomes obligatory on the rich person to help the person in need of food. He cannot give the excuse that he has already paid the Zakat because now it is obligatory on him to help the needy person.  {Mufti Muhammad Sharif, File 1:AW15}

4.3 Outcomes of Islamic CSR

From the Islamic perspectives, it is in the best interest of Muslims to abide by every obligatory and recommend orders of Shari’ā. That is why Islam wants Muslims to follow its teachings with this belief rather than first judging the rational and advantages of acting upon an order. Allah clarifies this principle in Qur’ān by saying:

If We had prescribed for them that they should kill themselves or that they should migrate from their homeland, they would have not done it, except a few of them. If they had done what they were advised to do, it would have been better for them, and more effective in making (them) firm (Qur’ān, Surah An-Nisa 4:66).

Therefore, primary Islamic sources contain little discussion on this-worldly potential benefits of following Shari’ā. However, Muslim scholars have made some discussion on these benefits. In this section, I have confined myself to only those benefits which came up during the interviews.
These benefits can be divided in two main categories, i.e., terrestrial benefits of Islamic CSR and transcendental benefits of Islamic CSR.

4.3.1 Terrestrial Outcomes of Islamic CSR

Scholars believe that interests of society and business are ensured in the teachings of business related teaching of Islam. The rights of all segments of society are protected through a fair and justified distribution of wealth among members of society and business experience growth because of *barakah* and improved goodwill among masses.

4.3.1.1 Justice in Distribution of Wealth

The restrictions on previously mentioned certain contracts and business dealings, imposition of obligatory charity, non-exploitation of competitors and customers, and a culture of brotherhood among rich and poor ensure just distribution of wealth in the society. One senior *Mufti* expressed his opinion on this topic as under:

Islam want to keep in check the gap between rich and poor living in a society. This is why, Islam bounds rich Muslims to donate a share of their wealth for public good. The objective of the imposition of obligatory charity is explained in Qur’an, “so that it may not circulate only between the rich among you” (Qur’an, *Surah Al-Hashr* 59:7). We believe that Zakat (obligatory charity) results in justified distribution of wealth among rich and poor living in society and ensures a minimum quality of living standards in a society. {Hujjatul-Islam-wal-Muslimin Haidar Hussain Kazmi, File 1:AQ58}
Scholars also mentioned Islamic law of inheritance to explain how Islam breaks concentration of wealth in the society. No matter how big a business becomes, it ultimately gets divided among multiple people through a well-defined formula of inheritance at the death of owner\textsuperscript{29}. The law of inheritance, coupled with obligation to pay Zakat, resists in the way of any possible monopolies in the society and concentration of wealth among few rich people.

### 4.3.1.2 Positive Impact on Business

Adherence to Islamic teachings regarding business also brings material benefits for the business. It generates love in the hearts of masses when businesses appear to safeguard the interest of their employees, competitors, customers, neighbors and common people. As a result, some people like employees exert their full efforts to safeguard business interests and try to save businesses from any possible harm (\textit{Islami Tareeq’ay Tijarat}, 2014). Following verse of Qur’an and saying of Prophet Muhammad (ﷺ) shows the benefits of doing charity:

\begin{footnotesize} 
\textsuperscript{29}Islamic law of inheritance is derived from the following three verses of the Qur’an (Lakhvi, 2010): Allah directs you concerning your children: for a male there is a share equal to that of two females. But, if they are (only) women, more than two, then they get two-thirds of what one leaves behind. If she is one, she gets one-half. As for his parents, for each of them, there is one-sixth of what he leaves in case he has a child. But, if he has no child and his parents have inherited him, then his mother gets one-third. If he has some brothers (or sisters), his mother gets one-sixth, all after (settling) the will he might have made, or a debt. You do not know who, out of your fathers and your sons, is closer to you in benefiting (you). All this is determined by Allah. Surely, Allah is All-Knowing, All-Wise (Qur’an, \textit{Surah An-Nisa} 4:11).

For you there is one-half of what your wives leave behind, in case they have no child. But, if they have a child, you get one-fourth of what they leave, after (settling) the will they might have made, or a debt. For them (the wives) there is one-fourth of what you leave behind, in case you have no child. But, if you have a child, they get one eighth of what you leave, after (settling) the will you might have made, or a debt. And if a man or a woman is Kalalah (i.e. has neither parents alive, nor children) and has a brother or a sister, then each one of them will get one-sixth. However, if they are more than that, they will be sharers in one-third, after (settling) the will that might have been made, or a debt, provided that the will must not be intended to harm anyone. This is a direction from Allah. Allah is All-Knowing, Forbearing (Qur’an, \textit{Surah An-Nisa} 4:12).

They seek a ruling from you. Say, “Allah gives you the ruling concerning Kalalah. If a person dies having no son, but he does have a sister, then, she will get one half of what he leaves. (On the other hand) He will inherit her if she has no child. If they are two (sisters), they will get two third of what he leaves. If they are brothers and sisters, both male and female, then, the male will get a share equal to that of two females.” Allah explains to you, lest you should go astray. Allah has full knowledge of everything (Qur’an, \textit{Surah An-Nisa} 4:176).
\end{footnotesize}
“The example of those who spend in the way of Allah is just like a grain that produced seven ears, each ear having a hundred grains, and Allah multiplies (the reward) for whom He wills. Allah is All-Embracing, All-Knowing” (Qur’an, Surah Al-Baqarah 2:261).

“Every day two angels come down (from the Heaven) and one of them says: ‘O Allah! Compensate every person who spends in Your cause,’ and the other (angel) says: ‘O Allah! Destroy every miser’ (Hadith, Narrated in Sahih Bukhari).

Many scholars used the term barakah to explain the mechanism of growth in business. As noted earlier, Barakah in business means blessing of Almighty which positively influences business by a simple increase in wealth, by making less quantity sufficient for the person/business, and/or by stopping any possible unpleasant consequences and outcome to occur (Habib, 2014). According to a head Mufti of a darul ifta, “Barakah means such blessings of Allah that result in extraordinary growth of the business without any noticeable reason”.

4.3.2 Transcendental Outcomes of Islamic CSR

Muslims businessmen can achieve this-worldly spiritual benefits and other worldly rewards by adhering to the teachings of Islam in their business affairs. Improved relationship with the Creator (spiritual benefit) and success in Hereafter (other worldly reward) are two extremely important goals for Muslims. These can be achieved by practicing Islamic CSR.

4.3.2.1 Rewards in Hereafter

The intention behind every deed of a Muslim should be to make Allah happy and to get high rewards on the Day of Judgment. Muslims expect to receive supreme rewards in Hereafter for living their lives in accordance with the teaching of Islam. Muftis quoted numerous verses of
Qur’an and traditions of Prophet Muhammad (ﷺ) in which Muslims are promised by Allah for success in Hereafter in return of their good deeds in this world. In one of these verses, Allah says:

“Whoever, male or female, has acted righteously, while being a believer, We shall certainly make him live a good life, and shall give such people their reward for the best of what they used to do” (Qur’an, Surah Al-Nahl 16:97).

According to Muslim scholars, there will be multiple levels of Heavens for successful people in Hereafter. The obligatory acts ensure qualification to the minimum level of Heaven. The reward for doing more than obligatory worship like performing recommended Islamic CSR activities will result into reaching higher levels of paradise.

4.3.2.2 Relationship with Allah

Respondents believe that by acting in a righteous manner in business an individual will be able to achieve the lofty spiritual station of *taqwa* (constant awareness of God’s presence and submission to His will). Orthodox Islamic scholars believe that level *taqwa* makes it easy for Muslims to follow Islamic teachings and is strongly linked to a Muslim’s adherence to the teachings of *Shari’a* and his socially responsible behavior. Based on this belief, scholars feel that most of the problems of contemporary world are because of the absence of *taqwa*. They pointed out at the repeated emphasis on *taqwa* in the Qur’an during the interviews and explained that Allah has asked Muslims at multiple places in Holy Qur’an to fear Allah because it helps Muslims not to get astray in their lives. One senior *Mufti* commented expressed his views on this topic as under:
The absence of *taqwa* is root cause of the worst condition of Muslims today.

Unfortunately, almost everybody today wants to have huge wealth and does not want to die. Prophet Muhammad (ﷺ) warned us about such era in which these two factors will be common in Muslims. He informed us that "Soon the nations will invite to partake of you, as diners call one another to a large dish.' Someone said: 'Will it be because we will be few in number on that day?' He said: 'No, rather you will be many on that day, but you will be like the refuse of the flood. Allah will take away fear of you from the hearts of your enemies, and Allah will pelt your hearts with *Wahn* (weakness).' Someone said: 'O Messenger of Allah, what is *Wahn*?' He said: 'Love of this world and dislike of death’" (Hadith, Narrated in *Sunan Abu Dawud*)\(^{30}\). {Mufti Farooq Qadri, File 1:113}

The following hadith also clarify how doing obligatory and recommended good deeds can help Muslims in getting close to their Creator:

"Narrated AbU Hurairah: Allah's Messenger said, "Allah said 'I will declare war against him who shows hostility to a pious worshipper of Mine. And the most beloved things with which My slave comes nearer to Me, is what I have enjoined upon him; and My slave keeps on coming closer to Me through performing *Nawafil* (praying or doing extra deeds besides what is obligatory) till I love him, then I become his sense of hearing with which he hears, and his sense of sight with which he sees, and his hand with which he grips, and his leg with which he walks; and if he asks Me, Twill give him, and if he asks My Protection (Refuge), I will protect him (i.e., give him My Refuge); and I do not

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\(^{30}\) Translation of all *ahadith* of *Sunan Abu Dawud* in the dissertation has been taken from the English translation of *Sunan Abu Dawud* by Nasiruddin al-Khattab (Published by Darusslam Publishers and Distributors)
hesitate to do anything as I hesitate to take the soul of the believer, for he hates death, and I hate to disappoint him.” (Hadith, Narrated in Sahih Bukhari)

In summary, orthodox Islamic scholars believe that when the intention of doing business for a businessman is to please Almighty and when he makes every important business decision after taking into account the teachings of Shari’a, this improves level of his taqwa and quality of his relationship with His Creator. Furthermore, this practice also results in higher level of socially responsible behavior of the businessman. Huge emphasis on Hereafter and a culture of care for everyone diminish the desire for maximizing wealth, and replace the trait of selfishness with benevolence, brotherhood and generosity.
5 CHALLENGES IN IMPLEMENTING ISLAMIC CSR AND PRIORITY AREAS TO BE ADDRESSED IN CONTEMPORARY BUSINESS

Orthodox Muslim scholars hold a consensus view that Muslims are not fulfilling their religious obligations in the economic sphere and the business practices of Muslim business community is massively influenced by the norms of the business communities of the countries in which they are operating. Even if the business community sometimes appears to be following Islamic teachings, the actual reasons behind their practices are often the prevailing business and moral structures of the societies rather than following Islam for the sake of pleasing Allah. According to these scholars, compliance of Islamic teachings in business practices in any society depends on existence of Islamic governments, presence of qualified Islamic scholars and level of religious training of community members. In the absence of Islamic governments, these scholars also identified the priority areas which need to be fixed in contemporary business organizations to revive Islam in business practices.

5.1 Challenges in Implementing Islamic CSR

Orthodox Islamic scholars believe that Muslims need to simultaneously work in multiple areas to establish a system which can ensure Shari’a compliant business practices in Muslim societies. These include establishing an Islamic government, improvement in training of Muftis and system of darul-iftas, economic independence of Muftis, reducing love for material gains and increase in the love and desire for a better place in the Hereafter in all Muslims. These factors can be categorized as under:
5.1.1 Establishment of Islamic Government

According to orthodox Muslim scholars, it is unrealistic to expect people to follow Islam without the presence of Islamic government. Government officials can check and ensure the compliance of Islamic teachings, and possess the administrative authority to safeguard the interests of masses. Without such enforcement mechanism, even sincere efforts of Muslim scholars cannot bring desired results. Head of darul-ifta and an internationally renowned senior Mufti expressed his opinion on the issue as under:

Neither owners nor the employees are interested in abiding by the teachings of Shari’ah. They are only interested in maximizing their material gains. In principle, the owners of the businesses are primarily responsible for developing Shari‘a compliant rules and regulations, and to hire and train their staff accordingly. However, one can expect it to happen only if the government is interested in establishing a Shari‘a compliant system in society. People will not automatically change their practices if the government is not sincere with this cause. In my view, Islamic system is inconceivable to exist without the presence of Islamic government. I once asked Mufti Taqi Usmani\(^3\) that what can he do if government passes any regulation against their model of Islamic banking. He told me that there is nothing he can do. What is happening these days in economic sphere in the name of Islam can best be called as Islamic patchwork of existing system. Muslim

\(^3\) According to website http://themuslim500.com/, Mufti TaqiUsmani is considered to be the leading Deobandi scholar (Hanafi School of Jurisprudence) and considered as global authority in Islamic Finance. He served as Judge of Shari’aAppellate Bench of the Supreme Court of Pakistan and has served over a dozen Islamic banks and Islamic Financial Institutions as board member or Chairman. Currently, he leads the International Shariah Council for the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) in Bahrain. He is also a permanent member of the International Islamic Fiqh Academy of the Organization of the Islamic Conference, one of the highest legal bodies in the Muslim world.
scholars have started changing their selves after failing to change business community. That is the reason why these religious scholars do not declare any prevailing practice as un-Islamic if it can be supported by the view of any of the Islamic school of jurisprudence. This practice can only be allowed at a small level. Otherwise, it would be like following personal wishes in the name of following Islam. {Mufti Dr. Abdul Wahid, File 2:E8}

The effective presence of Islamic governments can make it easier for all members and stakeholders living in community to do their affairs in accordance with the teachings of Shari’ā by needful legislation and administrative control. The scholars do not consider present governments in Muslim countries Islamic as they have failed to replace anti-Islamic laws with Shari’ā through necessary legislations, and these governments are not playing their due role in promoting Islam as the best economic and social system. The views of the scholars can be understood from the following response of a senior Mufti:

I have told you that Islamic system can only be implemented in the presence of Islamic government. Our country was created in the name of Islam but we are still using the laws given by the foreign occupiers. Ideally, only those people should be appointed as judges in courts who know the teachings of Islam. Unfortunately, there are many contradictions in our claims and actions. {Mufti Muhammad Hood, File 2:C17}

While giving arguments in favor of the existence of corporation as a separate legal and fictitious person, Mufti Taqi Usmani Sb has discussed the idea of Khulta-tish-shio in which Zakat is considered an obligation on the business entity rather than an obligation on the owners of the business (Usmani, 2008). This concept is recognized in Shafi’i school of Jurisprudence and rejected in Hanafi school of Jurisprudence. Although Mufti Taqi Usmani sb is a renowned Hanafi scholar, he has used this concept to legitimize the existence of corporation.
In short, non-existence of Islamic governments is considered by scholars as one of most important reasons for the gap between Islamic teaching and practices of Muslims businessmen.

5.1.2 Issues relating to Muftis and Darul-Iftas

It is important for the revival of Islamic teachings in social affairs that existing structures of orthodox scholarship and their system of issuing religious opinion are positively modified. The scholars feel the need to enhance contemporary education of Muftis with a system that guarantees their economic independence. Currently, majority of religious scholars either get a job in a Madrassa (Islamic religious School) or a Mosque. The salaries offered to scholars in these institutions are quite low. The scholars also recognized that the structures through which Muftis interact with common people need to be made less complex for the common people. Some scholars feel that the presence of intermediary institutions\(^{33}\) between darul-iftas and business community can play a positive role in improving the communication between daruliftas and business community.

5.1.2.1 Contemporary Education and Training of Muslim Scholars

The knowledge and training of Muslim scholars about the contemporary business practices is not adequate and needs to be improved. Many scholars acknowledged the fact that they are disassociated with contemporary business practices, and lack complete understanding of present business structures. Consequently, they have to rely on the information provided to them by the people who contact them for iftas. They feel that some people even present

\(^{33}\) One of the Muftis I interviewed during data collection was working for an organization who was providing business community their services in getting Fatwas and recommended ways of Islamizing business operations from a renowned madrassa (Islamic Religious School).
selected information to get a *fatwa* of their liking. Respondents hold British rule responsible for their existing deficiency in contemporary knowledge. Head of a renowned *darul-ifta* and a *Mufti* of international repute expressed his views on the issue as under:

Scholars have failed to properly communicate and teach Islamic economic system to masses. This is why everybody only aims to maximize his wealth. Unfortunately, scholars have only given difference of opinion to masses in issues relating to religious rituals. They have failed to highlight the enlightened face of Islam. One of the major reasons for this state is British rule in subcontinent. Scholars of that time felt a threat to Islamic teachings from British rule, and decided to safeguard the knowledge of the Islamic books. They completely disassociated themselves from external realities and concentrated hard on teaching and memorization of religious books. Whatever they did at that time was need of the time and cannot be called wrong. Unfortunately, they did not change their selves with the change in environment. And this situation has led to an era where we are unable to find scholarly books on important topic of economics and other social affairs. If you analyze four continuous Friday sermons of one hundred mosques located in both affluent and poor communities, you will realize how disassociated the *Ulama*\(^{34}\) class has become from the society. This class has so badly trained common people that the situation seems to have gone out of their own control now. {Mufti Raghib Hussain Naeemi, File 2:C5}
Some scholars gave examples of famous Muslim scholars from different historical eras who used to acquaint their selves with the contemporary business practices by regularly sending their employees in different markets. Unfortunately, this practice is almost nonexistent in contemporary business scholars. This deficiency in properly understanding contemporary affairs is one important factor for people not frequently contacting *darul-iftas* for guidance.

5.1.2.2 Economic Independence of Scholars

Religious scholars living in subcontinent interact with society members through three different ways. First, they are hired as *Imams* in mosques where they are required to lead five prayers a day and to lead *Jumma* prayer on Friday. Majority of mosques in subcontinent are run by the local communities. Donors of these mosques, who belong to these local communities, usually form a committee to run the affairs of the mosque, including hiring and firing of *Imams*. The scholars feel that these circumstances also make it difficult for *Imams* to pick economics related topics and to directly critique existing earning practices of donors. Therefore, they normally opt to discuss historical events and issues not directly related with economic affairs. Second, the most learned scholars (*Muftis*) are appointed in *darul-iftas* to guide people by giving answers to their queries. These scholars solely focus on responding to people’s queries and do not give any sermon or run any teaching programs in *darul-iftas*. These *darul-iftas* are run by *madrassas* (religious schools) which are also financed by the local donors. As asking and critiquing the earning methods of donor can have negative impact on the overall donations, *madrassas* do not ask donors to disclose the method of earnings. They usually focus only on their students and do not engage in preaching activities in their vicinity. Third, some *Muftis* work as *Shari’a* advisors to guide their organizations in running *Shari’a* compliant businesses. Respondents
revealed during the interviews that because of the economic dependence and fear of losing job, religious scholars hesitate to discuss topics related to *haram* earnings. One senior Mufti expressed his views as under:

> Unfortunately, *ulama* in our society rarely give sermons on topic relating to earnings and social ills. Actually, *imams* are employees of the people running the mosques. That is why they are unable to speak against the lifestyles and professions of their employers as they do not want to offend these people. Obviously, they fear to lose their jobs if they directly criticize the practices of mosque committee members. I think this is one of major reasons why *ulama* hesitate to discuss these topics. Nevertheless, there are still some scholars who express their views without taking these factors into account. (Mufti Shafiq Madni, File 2:C18)

In short, orthodox Islamic scholars believe that it is important to develop a system where economic independence of religious scholars is ensured. Some scholars are of the view that governments should play their role in establishing a system which assures economic independence of religious scholars. With better contemporary education and economic independence, scholars feel that *Ulama* (Islamic religious scholars) community can play a better role in religious training of community members.

**5.1.2.3 System of Darul-Iftas**

*Muftis* feel that the relationship between business community and *darul-iftas* suffers from multiple reasons and need to be improved. According to their assessment, almost eighty to ninety percent of the queries belong to issues relating to divorce and inheritance and people
rarely bring business related issues in *darul-iftas* to get guidance from the *ulama*. One senior *Mufti* commented as under:

A small percentage of people contact *darul-iftas* to take guidance, and those who contact normally ask questions relating to marriage, divorce or *ibadat* (religious rituals). Very few people contact to get opinions on their businesses. People who bring their business related issues in *darul-iftas* normally also try their best not to fully disclose their methods of doing businesses. This is the normal trend these days. Even individuals who you see regularly offering prayers in the first row of congressional prayers do not bother to get opinion from *Muftis* about their method of doing business. Actually one raises questions only if he has some knowledge. In the absence of basic knowledge, he will keep thinking that whatsoever is common practice is permissible in Islam. {Mufti Muhammad Abdullah, File 2:C19}

Another reason for people rarely contacting *darul-iftas* is the complex system of getting responses from *darul-iftas*. The system has been made complex to facilitate only those people who seriously want to take opinion from scholars as evident from the response of a senior *Mufti* who is working as *Shari’a* consultant in an Islamic Financial Institution and as a *Mufti* in one of biggest *darul-iftas* of Pakistan:

If the questioner comes in *darul-ifa* with the intention that he will only do what Allah wants then he give due importance to the *Fatwa*. Normally, we try to make the system of seeking opinions from *darul-ifta* so complex that that only sincere people contact us.
The people, who are ready to even change their practices in the light of a Fatwa. {Mufti Khalil Aazmi, File2:E20}

One scholar also indicated towards the inability of business community and Muftis in understanding each other’s opinion and showed his desire for the establishment of intermediary institutions between darul-iftas and business community. Chief Mufti of a darul-ifta endorsed this opinion and told that businessmen ask them to do business themselves to have a better understanding of business complexities. Thus, for better communication of Islamic teachings, darul-iftas need to ease their systems and provide business related experience to their Muftis.

5.1.3 Religious Training of Community Members

According to orthodox Islamic scholars, absence of Islamic governments and inadequate role played by religious scholars left space open for western ideas to affect Muslim ideologies. In this situation, the rapid economic and technological developments around the globe portrayed capitalism as the best economic system before Muslims. A concept started to grow in Muslims that religion is a personal affair and has nothing to do with the way economic activities should be performed. A senior Mufti commented as under:

I often tell my fellows that although number of worshippers in mosques is increasing, the way people do business has further deteriorated. Actually, world has witnessed massive economic development in the last thirty/forty years. Anti-religious leaders were in control of all these developments. They have excluded religion from their economic
and social affairs and now Muslims around the world have also unconsciously started following the same ideology. {Mufti Ikramullah, File2:C7}

Respondents claim that Islam does not accept separation of religion from economic and social affairs but acknowledge that this ideology has also penetrated in apparently practicing Muslims. One respondent commented as under:

In my view, the biggest reason for the difference in the teachings of Islam and practices of Muslims is separation between worldly affairs and Islam in the minds of Muslims. Allama Iqbal mentioned an incident in one of his writings that some individuals looted the ship and then started offering prayers. People showed astonishment and questioned the offering prayers after looting other people. They replied that looting is our profession and offering prayer is our religion. This is exactly how people of our era think.

Number of worshippers in the mosques is increasing but there is hardly any noticeable change in their business operations. {Mufti Ghulam Ali Awan, File 2:C4}

The result of separating economic affairs from Islamic teaching has come in the form of increased love for material gains in Muslim business community. According to respondents, this problem is clearly visible in the behavior of those people who contact *darul-iftas* to seek guidance. Majority of individuals who bring business related queries to *darul-iftas* either want to get a certification of their current business practices or want to know an alternative way of doing the same things rather than changing their practices according to the teachings of Islam. Some *darul-iftas* have started working on providing Islamic justifications for contemporary
business practices. An internationally renowned experienced Mufti expressed his views as under:

Scholars of all sects are working very hard these days to adjust teachings of Shari’a with the current manmade economic system. All efforts are focused on finding out ways through which this system and Shari’a can be followed together. For example, people who are involved in interest based businesses want to know the justification of doing their impermissible business rather than learning how to do interest free business. They have decided that they will not change their ways and just want to know Shari’a compliant way of doing that haram act. This line of reasoning is known as heel-u-shari’a (حيل الشريعة) in scholarly community. Scholars of our era are experts of heel-u-shari’a. They tell ways through which absolutely impermissible things start look like Shari’a compliant. They can accommodate any modern ill through their reasoning. On the other hand, businessmen get satisfaction by paying zakat and do not feel need to know the teachings of Shari’a. This is the state of affairs in every sect of Muslims these days. Ideally, we should first study the nizam-u-shari’a (system of Shari’a) and then we should study ahkam-u-shari’a (orders of Shari’a). But not even our teachers and students of madrassas know about nizam-u-shari’a because it is not taught in madrassas. Only ahkam-u-shari’a are taught in madrassas but people do not even want to learn them. They only want to know excuses and justifications for doing impermissible economic activities. Nobody wants to know the objectives of Shari’a. They get bored when we try to tell them these things and simply ask us to tell them solution of their problem.

{Hujjatul-Islam-wal-Muslimin Syed Jawad Naqvi, File 2:E21}
Another experienced Mufti commented as under:

Many people tell us this is how things are commonly done at marketplace. We then tell them that market practices are not Qur'an and Sunnah, and these practices need to be analyzed in the teachings of Shari'a. Unfortunately, there are many impermissible things which are commonly practiced at marketplace. For example, there is a principle of mudharbat\textsuperscript{35} that only investor will bear the loss of business. But, people do mudharbat on profit and loss basis which is contrary to the teachings of Shari'a. \{Mufti Muhammad Irfan, File2:C22\}

Thus, there is a severe need of imparting religious education and training in community members before expecting them to run their economic affairs in accordance with the teachings of Shari'a. The priority area for the remedial strategy should be to attack the concept of separation between economics and Islam in the minds of Muslims. This can have a huge impact on the nature and number of questions reaching darul-iftas and will indirectly force religious scholars to sharpen their knowledge on these issues. With better understanding of Islam, Muslims businessmen will learn that objective of doing business in Islam is to please Allah by fulfilling responsibilities of others rather than maximizing wealth. Through this way, love for material gains in business community can be replaced by love for Allah and Hereafter.

In summary, three important challenges need to be countered to close gap between normative theory of Islamic CSR and practices of Muslims businessmen. First, in the absence of a regulator in the form of Islamic governments, the chances of expecting business community to act in

\textsuperscript{35}It refers to that kind of business partnership in which one business partner invest his capital in the business and the other business partner manage and runs the business (Usmani, 2004).
socially responsible way are quite slim. Therefore, *ulama* need to convince Muslims that the establishment of such government is essential for *nizam-u-shari’a* to be implemented. Second, *Muftis* are weak in contemporary education and they are not financial independent in current scheme of things. Moreover, business community feels little attraction towards *darul-iftas* because of their complex procedures and inability of the *Ulama* to understand modern issues. Thus, without giving financial independence to these religious scholars, improving their contemporary education, equipping them with business related knowledge and changing existing system of *darul-iftas*, communication of complete message of Islam and provision of right guidance to business community cannot be ensured. Third, majority of Muslims these days keep religion separate from economic affairs. They feel no problem in doing something religiously impermissible if it is socially acceptable. Love for material gains has tremendously increased in masses. These problems clearly reflect in the practices of Muslim businessmen and demand urgent attention.

### 5.2 Priority Areas to be fixed in Contemporary Business

The previous section contained discussions on the potential areas which influence the relationship between Islamic CSR theory and practice in society from the perspective of Muslim scholars. During the interviews, these scholars also identified priority areas to be fixed in contemporary business organizations. The following summarized discussion about these priority areas can be quite helpful for an organization considering operationalizing Islamic CSR in business settings.
5.2.1 Addressing Issues relating to Halal and Haram

According to respondents, the consequences of engaging in impermissible things vary on case to case bases. For example, income earned through the trading of pork is *haram* and it is not allowed to do charity from this income or to use this income to purchase permissible things. On the contrary, although income earned by selling impure milk contributes towards the sins of seller and he will have to face its consequences in the Hereafter, he is allowed to use this income to purchase permissible products. This means, while some impermissible acts also make the income *haram*, other impermissible acts make the doer sinful but do not make the generated income *haram*. Therefore, addressing those issues which make the income *haram* should be the top priority of any effort of Islamizing business practices. A senior *Mufti* explained this issue as following:

Doing business in some products like wine and other addictions is totally disallowed.

Now, there are some products which are sold by deceiving buyers. In such cases, the seller will be sinful for deceiving the customer and for promoting a wrong practice in the society. However, sin of deceiving other does not make the income *haram*. So, first important point is to see if you are dealing in permissible product or not. If the trade of the product is not allowed then the generated income will be *haram*. However, if the product in itself is not *haram* but is sold by using impermissible means, then there will be sin in such trade but the income will not become *haram*. Such income is called *milk-e-khabis* in the language of scholars. This is unwanted but its category is lower than *haram*. {Mufti Muhammed Tayyab, File 2:C23}
All scholars agree that factors affecting income of the business should be first area to be fixed in contemporary business practices. This is one of the reasons why Shari’a scholars are initially focusing on the correction of the product range of Islamic financial institutions. It is important here to note that scholars belonging to different Islamic schools of jurisprudence slightly differ with each other on issues making the income of a business haram.

5.2.2 Exploitation of Workforce

Scholars also showed utmost concern regarding the status of employees at workplace. After giving top priority to issues relating to haram and halal, they emphasize that employers should fulfill their responsibilities towards their employees. According to these scholars, employees are not fairly and timely paid, overtimes are not given and they are not properly respected by their employers. A senior Mufti expressed his views on delayed salary payments in contemporary business as under:

Prophet Muhammad (ﷺ) has specially instructed his followers to take special care of employees. He emphasized timely payment of salaries by saying, “Give the worker his wages before his sweat dries” (Hadith, Narrated in Sunan Ibn-e-Maja). Furthermore, he warned people about a dangerous outcome on the Day of Judgment if they do not pay wages of their employees. He said, “Allah Said, ‘I will be the opponent of three on the Day of Judgment: one who makes a covenant in My Name and then breaks it; one who sells a free man as a slave and devours his price and one who hires a workman and having taken full work from him, does not pay him his wages” (Hadith, Narrated in Ibn-e-
Unfortunately, mill owners of contemporary business world do not pay salaries in time. They even hold back salaries of two/three months to have better control on the employees. {Mufti Shahbaz Qadri, File1:F77}

Some scholars revealed during the interviews that they have come across many people who have been mistreated by their employers. One of these Muftis recalled meeting with one such employee as under:

Unfortunately, I have come to know many events of employers mistreating their employees. Although employers pay salary to employees but they also abuse them, give them bad names and undermine their self‐respect. Sometime they physically torture them as well. We live in Faisalabad and such incidents often come to our notice. Once, I was praising a mill owner. Later a person came to me and said, “You were praising that person a lot. This guy physically tortured me for committing a mistake”. There are numerous similar incidents when people complained about the use of bad language by their employers. Sometime, we feel quite helpless.... {Mufti Abdur Rahman, File 2:C24}

Payment of fair and timely salaries along with due respect are two areas which were stressed by majority of scholars to be addressed on priority basis. Along with these most frequently discussed issues, scholars also advised that rather than considering them slaves, employees should be treated like humans, should be forgiven for their mistakes, should be provided with religious freedom and should be exposed to Islamic teachings and culture.

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5.2.3 Truthfulness in Business Dealings

Islam wants businessmen to be truthful in their dealings with their partners, customers, employees and with other people linked with their business. Use of lies for the sake of obtaining material gains is strictly prohibited. Therefore, it is important that marketing campaigns should be based on truth and should also communicate product’s potential defects to give customer a true picture, as indicated from the following response of a senior Mufti:

Islam has taught us that if there is any flaw in the product, we should communicate it to the buyers. Prophet Muhammad (ﷺ) told us that “It is not just for a man to sell his merchandise without disclosing its defects. It is proper for the vendor to tell the buyer of any defects of which he is aware” (Hadith, Narrated in *Ahadith of Ahmad Ibn Hambal*)\(^{37}\). Obviously, it would not be fair for sellers to conceal information regarding the defects of the product only for material gains. {Mufti Abdul Hannaan, File 2:C25}

Scholars expressed the need to correct present practices of fraudulent financial book keeping, and stressed on honest information sharing with partners and customers, and a genuine commitment to fulfill contracts with these parties. They believe that through truthful and honest dealings, Muslim businessmen not only can ensures their place in Hereafter in the company of prophets, martyrs and righteous people, they can also get rewards from the Creator in this World.

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\(^{37}\)Translation of Hadith taken from “http://www.alfalahconsulting.com/2012/02/hadith-muamalat.html”
5.2.4 Religious Training of Top Management in Organizations

Respondents feel that it is important to take senior management on board for establishing a Shari’a compliant culture in business organization. Some Shari’a consultants shared incidents during the interviews where top management became a hurdle in doing a Shari’a compliant activity. Therefore, they feel that until and unless the senior managers are convinced, it is almost impossible to run business in accordance with the teachings of Shari’a. A senior Mufti who is also working as a Shari’a consultant for a business organization commented as follows:

It is extremely important to religiously train top management in organizations. They should be conceptually clear about priorities of the organizations and should be committed to abide by Islamic teachings in their organizations. I have observed that recommendations of Shari’a consultants are only taken seriously after the approval of higher management. {Mufti Muhammad Shoaib, File 1:AE89}

One scholar recalled an incident that once a proposal suggested by Shari’a consultant regarding a business operation got approved from the owners. However, a couple of months later, a top manager stopped the Shari’a consultant to proceed any further when it came to his notice. Similar incidents also happened with other scholars. That is why they believe that commitment from top management is essential to operationalize Islamic CSR in business organizations.

5.2.5 Internal Environment of Business Organizations

Scholars feel that contemporary workplace environment is contrary to what Islamic teachings suggest. Company rules and policies do not facilitate employees for the performance of their religious duties, dress code policies for male and females are not in accordance with Shari’a,
teachings regarding gender segregation are ignored in office settings and Islamic teachings are not promoted among employees. Consequently, these policies contribute in increasing the gap between Islamic teachings and workplace practices. Islamic teachings, on the contrary, demand employers to provide Islamically conducive environment for employees. A senior Mufti commented as follows:

Providing such an environment in which employees can do their jobs according to the injunctions of Shari‘a is responsibility of the owners. Furthermore, it is also owners’ responsibility to create an environment in which employees can perform their religious obligatory rituals without any problem. Preaching employees is the responsibility of employers. Companies should make their environment Islamic. Prophet Muhammad (ﷺ) said, “Every one of you is a herdsman and hence accountable for his charge” (Hadith, Narrated in Riyad-ud-Salihin)\textsuperscript{38}. In light of this hadith, it is the responsibility of employers to preach and propagate the message of Islam in their company and facilitate employees to become better Muslims. {Mufti Haseeb Qadri, File 1:L37}

Scholars are particularly quite concerned on the policies regarding hiring of female employees. According to the respondents, companies should not hire females if they cannot provide them gender segregated environment and cannot enforce a dress code in accordance with Shari‘a. Furthermore, a female job applicant should only be given preference on a male job applicant if she is forced to do job because of economic pressures. Otherwise, male candidates should be

\textsuperscript{38}Translation of Hadith taken from “https://bewley.virtualave.net/primary.html”
preferred because they are responsible to feed their families. A senior Mufti expressed his opinion on the issue as under:

Islam has not prohibited women to do job or to do business. Sometimes, females are forced to step out of their homes to do job in order to feed their families. In such cases, they have full right to do job if the job requirements do not require breaking any instructions of Shari’a. On the other hand, if female is not financially forced to do a job then it is preferable to select male candidate over the female candidate because males are responsible to financially support other members of his family. {Mufti Shafiq Madni, File 1:BB98} 

The consequence of neglecting Islamic teachings at the workplace comes in the form of greater levels of all forms of corruption at workplace and supports the notion that profit maximization is the sole aim of doing business. To reverse this mindset, it is important to replace the existing environment with Islamically conducive environment which will give them continuous reminders to never forget the primary purpose of doing business, i.e. to please Allah by fulfilling our responsibilities.

5.2.6 Obedience to Laws of the Land

Contemporary business organizations are known to play with the laws of the land to maximize their material interests. Scholars believe that abidance of these laws is religiously compulsory for the Muslim businessmen provided the laws are made in public interest and do not break any order of Shari’a. Due to lack of understanding, Muslims do not appear to consider it
obligatory to adhere to these laws in letter and spirit. A senior Mufti expressed his opinion as under:

In *mubah* (permissible) areas, it is obligatory to obey those orders of rulers which they give to protect the interest of common people. In Islam, it is responsibility of governments to safeguard people from any harm by passing necessary orders. But, obedience to any order in the disobedience of Allah is not allowed. {Mufti Khalid Aazmi, File 1:AK99}

Therefore, *Shari’a* compliant business organizations should therefore conform to the laws of the land by considering it a religious obligation provided the laws do not demand to break any law of *Shari’a*. The scholars of *Shiite* school of jurisprudence however believe that the rulers have unconditional rights to give orders and to suspend any religious law for the sake of public good. Both these groups of scholars insisted that efforts to correct the bad practice of dodging laws should be rectified on priority basis.

### 5.2.7 Clear Sense of Responsibility

Business practices and organizational structures have considerably changed since the initial Islamic era. These changes demand going back to the sources of *Shari’a* and re-conceptualization of responsibilities of organizations, shareholders and employees. According to respondents, due to insufficient attention given by scholars to this topic and absence of Islamic governments, there exists a severe lack of understanding among Muslims regarding the permissibility of business structures as legal persons with unlimited liability and regarding their responsibilities in these modern business structures. For instance, orthodox Islamic scholars
talked about the scholarly discussions and disputes about the acceptance of companies as legal persons and the associated concept of limited liability. There is an apparent consensus among scholars on the issue of legal personality of companies. They give examples of mosque, *waqaf* and *baitul-maal* to prove that the concept can be accepted as this is supported by the examples from the first era of Islamic history. However, limited liability is a contested concept among Islamic scholars. Orthodox Islamic scholars can be divided into three groups considering their opinion on this topic, i.e., those who are unaware of the concept, those who declare this concept un-Islamic, and those who declare it an acceptable concept. Although respondents of this study were most qualified religious scholars, almost half of them were totally unaware of the concept of limited liability. However, the remaining half of the respondents had quite clear understanding on the issue. Majority of these scholars hold the view that the concept of limited liability can be justified through *Shari’a*. The opinion of these scholars can be understood from the following response of a senior *Mufti*:

The concept of limited liability is acceptable in Islam and numerous arguments can be given to support it. First, after accepting company as a separate legal and artificial person, you have to acknowledge similar rights of this artificial person. Therefore, on default of the company, other people cannot be forced to pay the debt of that artificial person. Second, a parallel can be drawn between limited company and *abd-e-mazoon*. *Abd-e-mazoon* is name given to the slave who is permitted by his master to do business. The master also provides capital for the business and takes benefits from the income generated by the slave. The stock with the slave can be used to settle any outstanding debt relating to business. In case, the slave fails to pay creditors from the stock,
creditors hold the right to sell out the slave to settle their account. However, if the amount obtained from the sale of the slave also fails to settle the account of creditors, the creditors will not have the right to contact master for remaining amount. This concept is quite similar with the limited liability of companies. And third, limited companies are bound by law to mention limited with their name. So, creditors cannot blame anyone if they knew about the legal status of the company from the very start. However, this is important to note that the veil of limited responsibility can be lifted if the owners are found in willful fraud. {Mufti Dr. Muhammad Hussain, File 1, Al11}

On the contrary, some Muftis argue that these arguments are not sufficient to justify the concept of limited liability and the shareholders cannot escape from the debts of their companies in case of financial default. The scholars also pointed out the published work (Mumtaz, 2010; Abdul Wahid, 2008; Rufaqa Darul Ifta Jamia Uloom Islamia Allama Banori Town, 2008) in response to the arguments given by Mufti Taqi Usmani. In case of bankruptcy, creditors can settle their amounts from the personal assets of shareholders under the Islamic law of taflees (bankruptcy). These scholars also consider the operational mechanism of corporations contrary to the teachings of Islam. Regarding the responsibilities, these scholars believe that as the company is an artificial person, all social responsibilities belong to the owners of the business from formation of Islamic rules and regulations to running the company in accordance with the teaching of Shari’a.

The scholars, who are convinced about the religious legitimacy of the concept of legal person and limited liability, assign separate social responsibilities to companies, their shareholders and managers. They argue that companies have to assume their social responsibilities after getting
the recognition as a legal person. This legal person is now bound to care for social implications of all its actions. A senior and renowned Mufti expressed his views as under:

There is an established principle of Islamic jurisprudence that if someone is benefitting from a deal then he has to assume some responsibilities, and right of income is only for those who assume the responsibility to bear loss as well (Al-Khiraj biz-zaman wal-Ganamubil-ganam). Therefore, after getting the status of legal person and benefitting from societies, companies have to fulfill their social responsibilities. Otherwise, it would be like the example of ostrich. In one of his poem in Persian language, Sh. Fareed-ud-Din Attaar gave the example of ostrich. Someone asked ostrich, “Why do not you fly?” He replied, “I am a camel. Have you ever seen a camel fly?” The questioner then asked, “If you are a camel then you should carry people and their luggage on you.” The ostrich replied with a laugh, “I am a bird. Have you ever seen a bird do such things?” Business organizations cannot behave like ostrich by taking benefits through recognition as a person and avoid social responsibilities by saying that I am only a fictitious person.

{Mufti Muhammad Zahid, File 1:S61}

Corporations and their shareholders have separate social responsibilities. Performance of obligatory Islamic CSR activities is responsibility of the corporations. However, management cannot engage in recommended Islamic CSR without the approval from the shareholders as pointed out in the following quote of a senior Mufti:

According to my understanding, owners and shareholders have separate responsibilities. For example, doing charity is a personal responsibility. Therefore,
management of a corporation does not possess the right to engage in such activities without taking approval from the owners. Top management of a corporation can engage in philanthropy only to the extent of the limit given to them by the shareholders. However, taking care of employees and fulfillment of their rights is a responsibility of corporation. Similarly, a corporation cannot engage in any activity detrimental for the environment. Thus, corporations are responsible to safeguard the interests of people who are linked with their operations. {Mufti Khalil Aazmi, File1: AK65}

According to the respondents, owners of business organizations are bound to do policy making without violating any Islamic injunction, and the management is responsible to achieve given goals along with performing obligatory Islamic CSR activities. Long term relationship between these two parties should only exist if both are fulfilling their duties. In case company policy and actions are against the teachings of Islam then employment at such place will itself becomes an issue. Similarly, if the management does not care about the obligatory instructions of Shari’a, then owners should take strict action against such management. There can be no compromise on the performance of obligatory instructions of Islam by owners or the management. As far as performance of recommended Islamic CSR activities is concerned, management cannot engage in it without the approval of owners. However, employees may make take some decisions in line with the teachings of Shari’a without taking permission from their employers, as indicated in the following response of a senior Mufti:

It is not obligatory to take permission to do things in the right way. Although it can sometimes results into an administrative problem, we normally have some space to take decision ourselves. For instance, if you know that by doing things differently, you can
avoid disobedience of Shari’a then it becomes obligatory on you to adopt it. Secondly, there is a clear order of Shari’a’ that there is no obedience of any creation in the disobedience of Allah so employees can smartly dodge the employer and do the right thing if the employer is forcing to do wrong thing. Employees do not need to take permission for employers to avoid disobedience of Allah. However, if the employer is forcing and pressurizing employee greatly, then there could arise an exceptional situation. However, if the employee continuously has to break the order of Shari’a then he should leave such a job. {Mufti Shafiq Madni, File 1:BB69}

Respondents feel that the lack of understanding of the responsibilities on the part of employers and employees has also contributed in increasing the gap between Islamic teachings and practice of Muslims. Therefore, addressing this problem can help in reducing the gap between Islamic teachings and practice.

In Summary, views of orthodox Islamic scholars on key priority areas to be fixed seem to suggest that they want to address three different areas in contemporary workplace. First, they want elimination of any practice in the business which can make income of a business haram. There is a consensus that this is the first problem which should be addressed in contemporary businesses. Second, respondents want businesses to fulfill the rights of others including employees of the organizations, their customers, partners, shareholders, suppliers and states. Third, they are looking at the ways for achieving and sustaining Shari’a compliant organizational change by clarifying responsibility of employees and employers in organizations, convincing top management and owners about the purpose of the activity and by maintaining a religiously conducive culture in organizations.
6 COMPATIBILITY OF TEN PRINCIPLES OF ‘UN GLOBAL COMPACT’ WITH ISLAMIC TEACHINGS

An important topic related to the theory of Islamic CSR is to see the compatibility between orthodox Islamic CSR and globally accepted Western standards such as UN Global Compact. Existing literature shows that Islamic teachings are compatible with the ten principles of UN Global Compact (William and Zinkin, 2010). In the following section, all these principles are discussed from the perspective of orthodox Islamic scholars to check their compatibility with Shari’ā. The main objective of the ten principles of UN Global Compact is to promote voluntary policy guidelines for business organizations that ensure organizations’ economic success in ways beneficial for both businesses and societies. The principles attempt to block abuses in the areas of human rights, labour, environment and anti-corruption (Table – 1). These are developed from ‘The Universal Declaration of Human Rights’, ‘The International Labour Organization’s Declaration on Fundamental Principles and Rights at Work’, ‘The Rio Declaration on Environment and Development’ and ‘The United Nations Convention against Corruption’ respectively (https://www.unglobalcompact.org). These principles are considered as a minimum standard of CSR to be practiced by business organizations. The result of this study have important implications. For instance, strong compatibility of teachings of Islam with these principles would mean that teachings of Islam cannot be held responsible for the lower CSR performance scores of Muslims. Keeping in view this line of reasoning, it is logical to check the compatibility of Islamic teachings with these principles to have a better understanding about the impact of these teachings on the practices of Muslims businessmen.
<table>
<thead>
<tr>
<th><strong>Table 8: The Ten Principles of UN Global Compact</strong></th>
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<tbody>
<tr>
<td><strong>Human Rights</strong></td>
</tr>
<tr>
<td>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</td>
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<tr>
<td>Principle 2: make sure that they are not complicit in human rights abuses.</td>
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<tr>
<td><strong>Labour</strong></td>
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<tr>
<td>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</td>
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<tr>
<td>Principle 4: the elimination of all forms of forced and compulsory labour;</td>
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<tr>
<td>Principle 5: the effective abolition of child labour; and</td>
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<tr>
<td><strong>Environment</strong></td>
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<tr>
<td>Principle 7: Businesses should support a precautionary approach to environmental challenges;</td>
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<tr>
<td>Principle 8: undertake initiatives to promote greater environmental responsibility; and</td>
</tr>
<tr>
<td>Principle 9: encourage the development and diffusion of environmentally friendly technologies.</td>
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<tr>
<td><strong>Anti-Corruption</strong></td>
</tr>
<tr>
<td>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</td>
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</tbody>
</table>

*Source: https://www.unglobalcompact.org, viewed on November 16th, 2014.*

First section of UN Global compact talks about protection of globally proclaimed ‘Human Rights’. The United Nations General Assembly has declared ‘The Universal Declaration of Human Rights’ as a minimum standard that people and countries around the globe should recognize, teach, follow, preach and promote to protect the rights of human beings in areas under their control and influence. The first two principles of UN Global Compact ask business organization to support and respect globally accepted human rights (principle 1) and ensuring that the business organizations will not involve in any human rights abuses (principle 2) based on the ‘The Universal Declaration of Human Rights’. The United Nations General Assembly has
declared this declaration as a minimum standard that people and countries around the globe should recognize, teach, follow, preach and promote to protect the rights of human beings in areas under their control and influence. The thirty articles of the declaration talk about issues relating to individuals’ personal, cultural and social freedom, dignity, security, equality and protection from any other human rights abuses (http://www.un.org/en/documents/udhr/index.shtml). The next three principles under second section of ‘UN Global Compact’ talks about four fundamental labour rights recognized and promoted by ‘International Labour Organization’ in 1998 through their ‘Declaration on Fundamental Principles and Rights at Work’. These rights are freedom of association and collective bargaining, elimination of all forms of forced labour, abolition of child labour and non-discrimination at workplace. Derived from ‘Rio Declaration on Environment and Development’, seventh, eighth and ninth principle of UN Global compact demand from business organizations to adopt a precautionary approach towards environmental issues (Principle 7), take measures for promoting more environmental responsibility (Principle 8) and give greater support to develop and widely spread environmentally friendly technologies. The objective of these principles is to have economic growth without compromising environmental protection. However, higher costs associated with developing and adopting environmentally friendly technology has contributed in not reaching the desired level of results around the globe. That is why, Rio declaration expects governments all over the world to play an active role by doing necessary legislation to support and diffuse this culture. Derived from ‘The United Nations Convention against Corruption’, the last principle of UN Global compact states that business organizations should cooperate and fight against all forms of corruption. The
convention asks each country to promote a non-tolerant culture to corruption and pass necessary legislations to declare doing and facilitating corruption a criminal offence. It also wants member states to cooperate with each other against offenders and to recover the looted wealth through any kind of corruption. The views of orthodox Islamic scholars on the ten principles of UN Global Compact are explained below under the four sections of Human Rights, Labour, Environment, and Anti-Corruption (Table 9).

6.1 Human Rights (Principle 1 & 2)

The first two principles of UN Global Compact ask business organization to support and respect globally accepted human rights (principle 1) and ensuring that the business organizations will not be complicit in human rights abuses (principle 2). In order to check the compatibility of these two principles with the teachings of Shari’a, it is extremely important to know whether Islamic teachings approve or reject thirty articles of the ‘The Universal Declaration of Human Rights’. According to the orthodox Islamic scholars, there are critical differences in ways Islam and West conceptualize and operationalize the concept of ‘Human Rights’. On basis of these differences, the entire concept of ‘Human Rights’ is not acceptable for the orthodox Islamic scholars. The differences between Islamic view of ‘Human Rights’ as understood by orthodox Islamic scholars and globally accepted ‘Human Rights’ can be divided into two main categories – Sources for the derivation of ‘Human Rights’ and Nature of ‘Human Rights’ in Islam.
<table>
<thead>
<tr>
<th>Principle No.</th>
<th>Area</th>
<th>Response of Orthodox Islamic Scholars</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principle 1</td>
<td>Human Rights</td>
<td>Complete Rejection</td>
<td>Differences in Islamic and Western understanding of ‘Human Rights’ are because of following:</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>• ‘Human Rights’ in Islam are derived from <em>Shari’a</em></td>
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<td></td>
<td></td>
<td></td>
<td>• Emphasis on Responsibilities rather than Rights in <em>Shari’a</em></td>
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<td></td>
<td>• <em>Shari’a</em> constrained Freedom</td>
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<td></td>
<td></td>
<td></td>
<td>• Broader Scope (some rights in Islamic teachings are not included in Western standards)</td>
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<tr>
<td>Principle 2</td>
<td>Unions</td>
<td>Conditional Acceptance</td>
<td>Problematic Articles:</td>
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<td></td>
<td></td>
<td></td>
<td>Western Concept of Equality (Article 2)</td>
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<td></td>
<td></td>
<td></td>
<td>Freedom of Thought, Expression, Marriage and Choosing Religion (Article 16, 18, 19)</td>
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<td></td>
<td></td>
<td></td>
<td>Cultural and Social Freedom (Article 27)</td>
</tr>
<tr>
<td>Principle 3</td>
<td>Forced Labour</td>
<td>Recognized/Compliance</td>
<td><em>Legal Course should be first Priority</em></td>
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<td></td>
<td></td>
<td></td>
<td><em>Can only Exist for ‘Justified’ Labour Rights</em></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td><em>Will not use any tactic contrary to the teachings of Islam</em></td>
</tr>
<tr>
<td>Principle 4</td>
<td>Child Labour</td>
<td>Conditional Acceptance</td>
<td>Islamic teachings are compatible with fourth principle of UN Global Compact.</td>
</tr>
<tr>
<td>Principle 5</td>
<td>Discrimination at Workplace</td>
<td>Difference in Understanding</td>
<td>Discrimination will be defined through the teachings of <em>Shari’a</em>.</td>
</tr>
<tr>
<td>Principle 6</td>
<td>Environment</td>
<td>Recognized/Compliance</td>
<td>Islamic teachings are compatible with these principles of UN Global Compact.</td>
</tr>
<tr>
<td>Principle 7</td>
<td>Anti-Corruption</td>
<td>Recognized/Compliance</td>
<td>Islamic teachings are compatible with tenth principle of UN Global Compact.</td>
</tr>
</tbody>
</table>
6.1.1 Sources (From where ‘Human Rights’ are derived?)

The Muftis hold a consensus view that ‘Human Rights’ are derived from the four main sources of Shari’a in Islam, and are not left on individual and/or collective conscious. These sources are Qur’an, Sunnah, Ijma (consensus of Muslim Scholars) and Qiyas39 (Use of Analogy).

Furthermore, Shari’a acknowledges ‘Human Rights’ if they are mentioned in Qur’an, supported by the sayings or practices of Prophet Muhammad (ﷺ), recognized by all Muslim religious scholars or proven by an analogy performed by a qualified scholar in cases where first three sources are silent. The performance of Qiyas can only be performed by qualified scholars with strict conditions. One senior Mufti expressed his view as under:

The major focus of the teachings of Islam is to guide human beings for the success in the Hereafter. You will not find dedicated discussions anywhere in the core sources of Shari’a about the concept of ‘Human Rights’ in Islam. However, we can understand this concept from the different verses of Qur’an and sayings of Prophet Muhammad (ﷺ) as we can draw multiple lessons from a single verse of Qur’an or a saying of Prophet Muhammad (ﷺ). In principle, the ‘Human Rights’ in Islam are derived from the sources of Shari’a which are Qur’an, Sunnat, Ijma and Ijtihad. {Mufti Farooq Qadri, File 3:G2}

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39 “Because the source of Qiyas is human interpretation, it is considered to be a subordinate source of law. In addition, because Qiyas involves human interpretation, it is closely related to the concept of Ijtihad (interpretation).’ Qiyas may be effectively marshaled when the reason for or cause of a situation requiring legal adjudication resembles one for which a definitive Shari’a pronouncement has already been made. Thus, Qiyas involves analogical reasoning.” (Venkatraman, 1994)
This view of orthodox Islamic scholars shows that the source of ‘Human Rights’ in Islam is different from global accepted principle and is not subject to change because of change in collective human conscience.

6.1.2 Nature of ‘Human Rights’ in Islam

There are few characteristics of the ‘Human Rights’ in Islam which differentiate them from Western conceptualization of ‘Human Rights’. These differences can be categorized in four sections as under.

6.1.2.1 Rights vs. Responsibilities

According to the Muftis, rights of an individual are responsibilities of other people towards him. The focus of Shari’ah is to inform people about their responsibilities rather than their rights. That is why there are extensive details in the Qur’an and Sunnah about the responsibilities of Muslims but there is hardly anything about the rights. A respondent expressed his views on the issue as under:

West has very intelligently raised their sensitive topic of rights. When our governments take any action, West opposes them in the name of ‘Human Rights’. Consequently, people feel that West is more concerned for their rights than their religious scholars and rulers. They start seeing Western countries as their saviors. We talk about Islamic values and they talk about rights. We talk about obeying Allah and they talk about right. We talk about worship and they talk about rights. Obviously, from the perspective of common people, the debate about rights is more attractive. In my view, Muslim scholars should counter this attack by contributing in this debate from the perspective of Islam.
This is important because the West is using it against Muslim countries by objecting on Islamic laws in the name of rights. Syllabus in our contemporary schools is also focusing on rights. When our younger generation will grow up, they will feel that Islam deprive them of their rights and West protects their rights. {Hujjatul-Islam-wal-Muslim Jawad Naqvi, File 3:G34}

Scholars suggest that by knowing and fulfilling their respective responsibilities, people can automatically ensure blockage of any possible human rights abuses. Some of the responsibilities in Islam are obligatory in nature (e.g., avoiding backbiting), and are not merely recommended set of actions. Muslims will be questioned on the Day of Judgment about the fulfillment of these responsibilities. According to the Muftis, Islamic governments should establish such a system in which individuals are forced to fulfill their responsibilities.

Responsibilities of some are rights of others. While some rights in Islam are obligatory, there are some rights which are recommended in nature. Paying Zakat (obligatory charity) to poor people is an example of obligatory rights of one Muslim on another and visiting sick Muslim is a recommended right of a sick Muslim on healthy Muslims.

6.1.2.2 Fixed Rights

Shari’a has clearly outlined responsibilities of individuals towards other people and thus has defined rights of individuals towards each other. These rights cannot be changed or suspended by any legislation or consensus among society members and remains fixed irrespective of the consent of people, time or geographical area. One senior Mufti commented that “Because ‘Human Rights’ are derived from Shari’a and Shari’a is complete and non-amendable, these
rights are also permanent in nature”. This and similar views, which are mentioned in the coming lines, further enforce the view that globally proclaimed ‘Human Rights’ do not hold importance in the eyes of orthodox Islamic scholars because they are not derived from Shari’a and are subject to change depending on the collective human conscience.

6.1.2.3  *Shari’ā Constrained Freedom*

The boundaries of cultural, social, economic, religious and other freedoms, guaranteed in the thirty articles of ‘The Universal Declaration of Human Rights’, are confined by the teachings of *Shari’ā*. Therefore, right of freedom of engage in an act (e.g., changing religion) can be terminated on the basis of its contradiction with teachings of *Shari’ā*. The following few responses of *Muftis* reflect their emphasis on the teachings of *Shari’ā* in understanding ‘Human Rights’:

These wretched Westerners know nothing about human rights. Human rights can only be understood through the teachings of *Shari’ā*. Western view of ‘Human Rights’ is incorrect and this is why we reject their understanding of ‘Human Rights’ and believe that these should not be encouraged in business organizations. {Hujjatul-Islam-wal-Muslimin Azhar Hussain Bahishti, File 3:G31}

Their understanding of individual freedom is generally based on unrestricted freedom. On the contrary, all these freedoms need to be analyzed in the teachings of *Shari’ā*.

{Mufti Iftikhar Baig, File 3:G19}
These human rights (Guaranteed in the Universal Declaration of Human Rights’ are useless for Muslims. For us, the guidance of Shari’a is the real thing and is sufficient for us. [Mufti Hassaan Kaleem, File 3:G21]

These and similar other comments of Muftis regarding the importance of Shari’a highlight the most important difference between the understanding of orthodox Islamic scholarship and Western scholars in understanding ‘Human Rights’. The freedom of choosing a religion is often discussed by Muftis to highlight this point. It is a globally acknowledged human right. However, Islam does not allow Muslims to leave Islam and chose religion of their choice. The right of freedom to choose a religion is available only to non-Muslims under Islamic law.

6.1.2.4 Broader Scope

There are some ‘Human Rights’ mentioned in Islamic teachings which are neglected in ‘The Universal Declaration of Human Rights’. Orthodox Islamic scholars argue that ‘Human Rights’ mentioned in Islamic teachings are clearer, wider and more comprehensive. Right of poor in the wealth of rich people, non-cancellable inheritance right, pre-emption right and rights of parents are examples of some of the missing human rights in ‘The Universal Declaration of Human Rights’ from the Islamic perspective. One scholar explained this point as under:

West has understood ‘Human Rights’ from their collective conscience. And we know that humans make more mistakes than doing the right things because of their limited knowledge about the nature of reality. On the other hand, as Allah knows everything, the teachings of Shari’a entail instructions regarding those human rights as well which are neglected by the West. For example, right of inheritance is a human right assured in
the teachings of Shari‘a but completely neglected by the West. And there are so many examples of obligatory rights towards other individuals in Islam which are not given due attention. {Mufti Dr. Muhammad Hussain, File 3:C39}

The above and similar quotes of scholars that the teachings of Shari‘a are wider in scope and far more comprehensive when compared to Western understanding of ‘Human Rights’. The orthodox Islamic scholars named the rights associated with poor people, children, parents, neighbors, common Muslims, life partners and relatives in Islam to support their point.

In summary, orthodox Islamic scholars hold the view that Islamic understanding of ‘Human Rights’ is markedly different from Western understanding in many ways. First, the ‘Human Rights’ are derived from the four sources of Shari‘a. Second, the ‘Human Rights’ guaranteed in the teachings of Shari‘a are fixed in nature and cannot be taken away through any legislations. Third, individual freedom is accommodated only when it does not violate any injunction of Shari‘a. Fourth, rights are discussed in the teachings of Shari‘a as responsibilities of Muslims towards other people. The responsibilities of Muslims towards other people or rights of people on Muslims cover far more rights as compared to rights mentioned in global standards of human rights. In the next section, the first two principles of ‘UN Global Compact’ are discussed from the perspective of orthodox Islamic scholars to check their compatibility with Islamic teachings.

6.1.3 Compatibility between Islamic Teachings & UN Global Compact (Principle 1 & 2)

The first two principles of UN Global compact talk about acknowledgment of ‘Internationally Proclaimed Human Rights’ and making sure that business organizations are not involved in any
human rights abuses. The respondents hold a unanimous view that ‘Human Rights’ from Islamic perspective are different from ‘Internationally Proclaimed Human Rights’ and therefore acknowledging and abiding by these globally proclaimed human rights is not recommended for Muslims. They argue that although majority of the articles of the declaration appear to be in line with the Islamic teachings, some key issues make the whole declaration unacceptable. The objections raised by them can be categorized as follows.

6.1.3.1 Islam and Western Concept of Equality

Article 2 of the ‘The Universal Declaration of Human Rights’ calls for equal rights irrespective of color, race, gender, religion, language, social origin, birth, property or other status. According to Muftis, Islam is a religion of justice rather equality, and declares about equal or different rights keeping in view the best interest of humanity. Therefore, although equality of rights needs to be ensured irrespective of color, race, language, social origin, birth property or other status, Shari’a assigns different rights among Muslims and non-Muslims, and males and females. For example, religious freedom allowed to Muslims is greater than that of non-Muslims in Muslim societies. One senior Mufti explained this difference as under:

Just like Muslim employees, non-Muslim employees are allowed and entitled to facilitative laws to practice their religion. However, they are not allowed to promote and preach their religion. This is responsibility of both government and business organizations to get it implemented. {Mufti Haseeb Qadri, File 3:C45}

Similarly, Islamic teachings contain separate set of instructions for male and females about their roles in societies. For example, females are encouraged to come out of their home and
involve in business transactions only in certain prescribed conditions. Another senior *Mufti* expressed his views on this issue as under:

Islam has not prohibited women to do a job or to do a business. Sometimes, females are forced to step out of their homes to do job in order to feed their families. In such cases, they have full right to do job provided the job requirements do not require breaking any instructions of *Shari‘a*. On the other hand, if female is not financially forced to do a job then it is preferable to select male candidate over the female candidate because males are responsible to financially support other members of his family. {Mufti Shafiq Madni, File 1:BB98}

Because of these two objections, they argue that human rights should be defined in accordance with *Shari‘a* rather than assigning everyone equal rights.

**6.1.3.2  Islam and Freedom of Thought, Expression, Marriage and Choosing Religion**

‘The Universal Declaration of Human Rights’ accepts freedom of thought and choosing religion of personal choice (Article 18), freedom of expression (Article 19) and freedom to marry according to personal likings (Article 16) as fundamental human rights. On the contrary, Islamic teachings have clear injunctions regarding the boundaries of freedom of thought and choosing religion of personal choice, freedom of expression and freedom of getting married as per individual liking. Orthodox Islamic scholars pointed out during the discussions that the above mentioned freedoms, which are recognized in West as accepted human rights, are incompatible with the teachings of *Shari‘a*. For instance, while talking about the freedom to get married, a senior *Mufti* commented as under:
There are many points in the declaration of human rights which are contradictory to the teachings of Shari’a. For instance, it is mentioned in the declaration that men and women have the right to marry without any restrictions imposed by religion, race or nationality. This is entirely against the teachings of Islam. A Muslim male can get married either with a Muslim woman or a woman from people of Book, and a Muslim woman is only allowed to marry a Muslim man. It is mentioned in Qur’an, “Do not marry the polytheist women, unless they come to believe (in Islam); a Muslim slave-girl is better than a polytheist woman, even though she may attract you; and do not give (your women) in marriage to polytheist men, unless they come to believe; a Muslim slave is better than a polytheist, even though he may attract you. They invite to the Fire when Allah invites, by His will, to Paradise, and to forgiveness. He makes His verses clear to the people, so that they may heed the advice” (Qur’an, Surah Al-Baqarah 2:221). {Mufti Dr. Muhammad Hussain, File 3:G22}

Similarly, orthodox Islamic scholars also believe that Western understanding regarding the freedom to choose religion of personal choice is also not compatible with Islamic teachings. Although Islam does not force people of other religion to embrace Islam and ask people to choose Islam as their religion, it does not allow a Muslim to change his religion under any circumstances. According to scholars, any individual who decides to leave Islam will be warned thrice to change his decision and to repent. The individual will have to face death penalty if he refuses to change his decision.

Likewise, the freedom of opinion and expression is allowed with the condition that it will not be used in any way against Islam, teachings of Islam or interest of Muslims. Furthermore, it will not
be used to promote indecency in the society. A senior *Mufti* expressed his views regarding freedom of opinion and expression as under:

In order to protect an Islamic society, it is necessary to stop individuals from promoting anything contrary to the teachings of Islam through their speeches. It is mentioned in Qur’an, “Allah does not like the evil words to be said openly except from anyone wronged. Allah is All-Hearing, All-Knowing” (Qur’an, Surah An-Nisa 4:148). Freedom of expression is there to promote good things and to allow individuals to contribute positively towards the society rather allowing them to do otherwise. {Mufti Farooq Qadri, File 1:I101}

The above discussion shows that Islamic understanding regarding the freedom of thought, expression, marriage and choosing a religion with free will are different from globally accepted understanding of these personal freedoms.

**6.1.3.3 Islam and ‘Cultural and Social Freedom’**

‘The Universal Declaration of Human Rights’ gives individuals right to freely participate in the cultural life of the society (Article 27). On the contrary, Islam allows Muslims to involve in only those cultural, social and economic activities which are in accordance with the teachings of *Shari’a*. The imposition of this condition differentiates Islamic understanding of cultural freedom from the globally accepted understanding of cultural and personal freedom. Orthodox Islamic scholars believe that Islam does not allow to promote indecency and shamelessness in the name of cultural freedom as Allah has ordered in the Qur’an that “Do not even go close to fornication. It is indeed a shameful act, and an evil way to follow” (Qur’an, *Surah Al-Isra* 17:32).
Now, listening songs, wearing immodest dresses and have mixed gathering is part of some cultures, but these are not allowed in an Islamic society because of the reason mentioned in the verse of Qur’an. Therefore, cultural freedom is limited to those practices and rituals which are not in direct contradiction with the teachings of Islam.

Because of the incompatibility of several points of globally accepted human rights, Muftis hold a consensus view that first two principles of UN Global Compact cannot be acknowledged as an acceptable standard for responsible business. Furthermore, business organizations should center their attentions towards the teachings of Shari’a regarding responsibilities of individuals towards each other rather than promoting Western standards of human rights in their organizations.

6.2 Islam and Labour

Second section of ‘UN Global Compact’ specifically speaks about four fundamental labour rights recognized and promoted by ‘International Labour Organization’ in 1998 through their ‘Declaration on Fundamental Principles and Rights at Work’. These rights are freedom of association and collective bargaining, elimination of all forms of forced labour, abolishment of child labour and non-discrimination at workplace.

Although Islamic teachings contain many injunctions regarding the responsibilities of employers and employees towards each other, direct discussions on any of these four categories do not exist in Islamic literature. The focus of Islamic teachings regarding the responsibilities of employers or the rights of employees is on contractual clarity, timely and just payment of salaries, respectful relationship, religious freedom and religious training of employees. Because
of the unavailability of direct guidance from the sources of Shari’a, it becomes even more important to understand Islamic perspective on these four principles from the point of view of qualified religious scholars.

6.2.1 Islam and ‘Freedom of Association and the Right of Collective Bargaining’ (Principle 3)

According to Muftis, Islamic teachings protect rights of labour by motivating Muslim employers to fulfill their responsibilities. Furthermore, with the presence of a vigilant Islamic government and an effective judicial system, any labour right abuse can be stopped. This system automatically resolves all labour rights issues and there never appear a genuine need to form a labour union. However, in the absence of vigilant government and effective judicial system, the formation forming a labour union becomes justified. Principle of a renowned madrassa (religious school) and a senior Mufti of International repute expressed his opinion as under:

   In my view, our focus should be on performance of our responsibilities rather than fighting for our rights because we will be asked about the fulfillment of our responsibilities and will not be asked whether we fought for our rights or not on the Day of Judgment. If people start fulfilling their responsibilities then there will not be any need to form these unions. Nevertheless, Islam gives us permission to fight for our rights. For instance, if somebody’s salary is fourteen thousand and his employer is paying him only twelve thousand rupees then he has the right to do efforts to take his full salary. I often discuss this issue in the Friday sermons that we should all fulfill our responsibilities towards each other so that nobody needs to struggle for his rights. Sometimes, the struggle to obtain justified rights lead to such acts which are not
allowed in Islam. Now, if forming unions result into involvement of religiously impermissible actions then forming these unions is not right. (Mufti Raghib Hussain Naeemi, File 3:F7)

Similarly, an internationally renowned Mufti who is currently working as country head of Shari’a in an Islamic Bank expressed his views on formation of labour unions as under:

These labour unions are worthless. Prophet Muhammad (ﷺ) once told his companions that you will see preferential treatment after me. The companions then asked that what should they do in such times. The Prophet replied that fulfill your responsibilities towards others and ask your rights from Allah. In summary, if we implement Shari’a in our society, there will not be any need to form to form any union because everybody will be trying to fulfill his responsibilities. Contemporary world teaches you to fight for your rights rather than fulfilling the rights of others. (Mufti Hassaan Kaleem, File 3:F21)

Thus, in an ideal Muslim society, Muslim employers should fulfill their responsibilities towards their employees and should never abuse their rights. However, if employers are exploiting labour force and are not fulfilling their duties then Islamic government should intervene to protect the rights of oppressed labour class. Labour also has the right to contact courts or government to obtain justice and to protect their rights on individual or collective basis. Respondents believe that the presence of either fear of Allah in employers’ hearts, effective judicial system or vigilant Islamic government is enough to protect labour rights.

According to Muftis, absence of all three factors has led to situations where it becomes inevitable to raise voice individually or collectively to obtain rights. In such situations, labour
force is encouraged to step up for their justified right(s). However, labour unions can only work to protect the Islamically justified labour rights of employees and cannot be used as a blackmailing tool to maximize gains that are not mentioned in the employment contract, given by government or Shari’a. A senior Mufti commented on the issue as under:

According to Shari’a, an individual will be regarded as a martyr if he gets killed while struggling to obtain his justified right. Therefore, if the union is formed to obtain a pre-decided right which employer is not ready pay then it is legitimate to form labor unions and to work without breaking any order of Shari’a. However, in the contemporary world, it is either employers who are exploiting their employees or it is employees who are exploiting their owners through these labour unions. Such use of labour union cannot be allowed and justified. Therefore, we can say that forming union in itself is not wrong. The actions of the labour unions will determine judgment about their permissibility or impermissibility. {Mufti Muhammad Idris, File 3:F3}

The scholars hold the majority view that there are more harms of labour unions than benefits and freedom of contemporary labour unions needs to be checked. From the above discussion, it gets quite clear that the scope of labour unions is restricted in Shari’a as these are not desired at the first place and then they are required to fights only for those rights which were promised by employers in the employment contracts, granted by Shari’a or given by Islamic government through legislations.
6.2.2 Islam and ‘Forced and Compulsory Labour’ (Principle 4)

Forth principle of UN Global Compact calls for elimination of all kinds of forced labour practices at workplace. Respondents believe that Islam wants both parties to enter and remain in the employment contract without any pressure and does not allow any party to exploit other party. Furthermore, Islam does not allow any kind of forced or compulsory labour. Prophet Muhammad (ﷺ) has set very high standard with regard to treating employees through his practices and sayings. This is evident from the following two ahadith:

Hazrat Anas (one of Prophet’s companions) reports that “I served the Prophet; for ten years, and he never said to me, "Uff" (a minor harsh word denoting impatience) and never blamed me by saying, "Why did you do so, or why didn't you do so?". (Hadith, Narrated in Sahih Bukhari)

Even when employees make mistakes, Prophet Muhammad (ﷺ) has asked Muslims to have forgiving attitude. It is mentioned in the following hadith:

“A man came to the Prophet, and said: "O Messenger of Allah how often should I forgive a servant?" And he remained silent, then he repeated the words, and he remained silent. The third time, he said: "Forgive him seventy times each day” (Hadith, Narrated in Sunan Abu Dawud).

From the above and similar comments of Muftis, it is evident that Islamic teachings regarding the forced and compulsory labour are compatible with the standard set in the fourth principle of UN Global Compact.
6.2.3 Islam and ‘Abolition of Child Labour’ (Principle 5)

Fifth principle of UN Global Compact calls for effective elimination of child labour. This principle is derived from ‘Minimum Age Convention’ and ‘Worst Forms of Child Labour Convention’ held in 1973 and 1999 respectively (www.ilo.org). According to the declarations of these conventions, international community needs to protect the rights of children in the world of adults because children are deficient in knowledge, training, physical and psychological development. Through legislative and administrative measures, every boy and girl should be supported and facilitated to reach his or her full potential. These measures include stopping children to enter in full-time or part-time employment contracts so that their development and education is not compromised. Considering different factors, it is decided that minimum age limit for a physically demanding employment should not be less than 18 years. However, for physically less demanding works, the minimum age limit of employee should be not less than 15 years for developed countries and no less than 14 years for developing countries. It has been left on governments of respective countries to legislate a minimum age for an employee keeping in view the above mentioned minimum criteria (http://www.ilo.org/ipec/facts/ILOconventionsonchildlabour/lang--en/index.htm).

According to the opinion of majority of Muftis, Islamic concept on the issue is different from Western understanding of the concept. Every individual is free to willfully enter in an employment contract after reaching puberty. In order to safeguard employees’ interests, Shari’a directs employers to not burden employees beyond their physical capabilities. One senior Mufti commented on the issue as under:
Restricting individuals to enter in a job after they reach puberty is against the teachings of Shari’a. At this age, it is now not his parent’s duty to feed him. If he does not have any wealth and his parents are also not helping him then he does not have any option other than doing some work to live his life. {Mufti Muhammad Rafiq, File 3:E26}

As far as the employment before reaching puberty is concerned, Shari’a has neither allowed it nor has declared it impermissible. The circumstances determine about the permissibility of child labour. For example, if a child is forced to look for a job because of economic situation of his family and the government, society members or other institutions fail to help his family then the law against the employment of children cannot achieve its intended objective and will only make the situation worse. A senior Mufti expressed his views as under:

Child labour laws are not solution of the real problem. Obviously, children looks great while going to school and all of us want them to enjoy their lives rather than going to work. However, this is only possible if their families can economically support themselves or someone else helps their families. If nobody is coming out to help them then you are taking the family’s right of survival with such legislations. Therefore, until and unless society supports needy people, imposition of such laws will only be counterproductive. {Mufti Faisal Ahmad, File 3:E27}

Principle and head Mufti of a renowned madrassa (Islamic religious school) argued that the education system in underdeveloped countries does not fulfill its purpose. As there is no proper system available to educate, train and develop students in these countries, it is important to engage children in some activity to positively consume their free time. Otherwise,
children’s chances of catching undesired habits such as spending time in bad company or getting addicted to smoking substantially increase.

The permission to do work for such children is only available if they are not burdened beyond their physical strengths and are paid not below the market wage rate. Hence, the above discussion shows that Muslim religious scholars view child labour laws in underdeveloped countries against the teachings of Shari’a, and fear that enforcement of such laws without active support programs for poor community can never achieve their intended outcomes, and can result in counterproductive outcomes.

6.2.4 Islam and ‘Elimination of Discrimination in respect of Employment and Occupation’

(Principle 6)

Sixth principle of UN Global compact, which is derived from ‘Equal Remuneration Convention’ and ‘Discrimination Convention’ held in 1951 and 1958 respectively, talks about the elimination of all kinds of discriminations at workplace and to provide equal economic and growth opportunities to all individuals irrespective of their gender, race, religion, height, political views, cultural background or any other criteria. It equally discourages direct discriminations (reflected in laws/rules/policies) and indirect discriminations (reflected only in practice). Preference in the selection criteria, working conditions, dress code or of any other kind can only be accommodated and accepted if they are necessary for performing the job in a better way (www.ilo.org).

On the other hand, as mentioned earlier in the section of human rights, Islamic teachings talk about establishing justice rather than equality in different facets of human life. Justice is
understood as performing all activities in accordance with the teachings of Shari’ा. For example, from the perspective of Islam, males and females are different from each other in terms of their expected roles in a society. For instance, talking about going out of home to do a job, Muslim females are encouraged to come out of homes and involve in economic activity only upon fulfillment of some conditions. Similarly, employers are allowed to provide jobs to females only if they can provide necessary segregation facilities to female employees. Muslim scholars do not call this practice discrimination because of their understanding of males and females. A senior Mufti who also works as Shari’ा consultant for an Islamic bank expressed his views on female employment as under:

Females should only do jobs if they do not have to break any order of Shari’ा at the workplace. If the job requires to remain in isolation with a na-mahram40 male or demands to compromise on the religiously required dress code then females should avoid such jobs. On the other hand, Shari’ा abiding organizations should only give jobs to females if they can provide them an environment in which females does not have to break any clear order of Shari’ा. In normal circumstances, a male applicant should be given preference in hiring because he is responsible to feed his family while females do not have such responsibilities. {Mufti Muhammad Altaf, File 3:D14}

Another senior Mufti commented as under:

We do not normally recommend that females leave their homes to do jobs. It is responsibility of their fathers, brothers and husbands to fulfill their needs. However, if

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40Na-Mahram is that individual with whom Sharia has not prohibited to marry.
circumstances force females to go out to do some job then she should ensure that there is gender segregation at workplace and she covers herself properly and does not use cosmetics to beautify herself before going to office. Furthermore, the work should not affect her main duties of taking care of her children and husband. If she can manage to take care all these things then she is allowed to leave home and do a job. {Mufti Abdul Bari, File 3:D25}

These and similar comments of orthodox Islamic scholars show that, in some circumstances, organizations running in accordance with the teachings of Shari’a need to give preference to one group of people over other group of people. From the perspective of UN Global Compact, this practice will be considered as a discriminatory one. Therefore, from the perspective of Muftis, a policy or practice can be called discriminative only if it denies a group on any grounds equal opportunities without a justified religious reason.

6.3 Islam and Environment (Principle 7, 8, 9)

Derived from ‘Rio Declaration on Environment and Development’, seventh, eighth and ninth principle of UN Global compact demand from business organizations to adopt a precautionary approach towards environmental issues (Principle 7), take measures for promoting more environmental responsibility (Principle 8) and give greater support to develop and widely spread environmentally friendly technologies. The objective of these principles is to have economic growth without compromising environmental protection. However, higher costs associated with developing and adopting environmentally friendly technology have contributed in not reaching the desired level of results around the globe. That is why, Rio declaration
expects governments all over the world to play an active role by doing necessary legislation to support and diffuse this culture (http://www.unep.org/Documents.Multilingual/Default.asp?documentid=78&articleid=1163).

The issue of environmental protection came in limelight in the last fifty year. However, according to the respondents, the Sunnah of Prophet Muhammad (ﷺ) is a proof of his concern for environmental protection and promotion of environmental friendly initiatives. Following ahadith are often quoted by Islamic scholars while explaining Islam’s perspective on the issue:

“The Messenger of Allah passed by Sa’d when he was performing ablution, and he said: 'What is this extravagance?' He said: 'Can there be any extravagance in ablution?' He said: 'Yes, even if you are on the bank of a flowing river’” (Hadith, Narrated in SunanIbn-e-Majah).

“Whoever plants a tree is rewarded by Allah as much as the produce grown in that tree” (Hadith, Narrated in Masnad Ahmad ibn-e-Hambal)\(^{41}\).

Talking about the contemporary environmental issues related to industrialization, they stated that it is governments’ responsibility to bound business community not to engage in any kind of environmental abuse. However, absence of effective and vigilant governmental institutions and laws does not give business organizations permission to abuse environment because Shari’\(\text{a}\) does not allow anyone to reap economic gain while providing harm to other. A Mufti explained this principle as under:

\(^{41}\) Translation of Hadith taken from “http://www.islamvision.org/prophet-muhammad1.html”
This is a basic principle of Islam that “there should be neither harming nor reciprocating harm” (Hadith, Narrated in Sunan Ibn-e-Maja). Islam does not allow any individual to even destroy his legal property let alone causing harm to others. If a Muslim comes to know that his business or some activity of the business will be harmful for other people, he is bound to take remedial steps. Islam does not allow a person to make material gain while harming others. {Hujjatul-Islam-wal-Muslim Azhar Hussain Bihishti, File 1:AR97}

The message of keeping order in environment is also clearly stated in the Qur’an. Allah say:

“All among men there is one whose speech, in this life, attracts you; he even makes Allah his witness on what is in his heart, while he is extremely quarrelsome. Once he turns back, he moves about in the land trying to spread disorder in it, and to destroy the tillage and the stock; and Allah does not like disorder. When it is said to him, Fear Allah, he is tempted by arrogance to (commit) sin. Hell is then enough for him, and it is indeed an evil bed to rest” (Qur’an, Surah Al-Baqarah 2: 204-206).

The prohibition to do any business activity harmful to others makes it obligatory on Muslim businessmen to adopt and support environmentally friendly technologies. Furthermore, this strategy promotes the development of environmental technologies as Muslims businessmen cannot use technologies that lead to disastrous consequence. A technology or any other business operations is understood to be prohibited if its relation with the disastrous consequence is proved without a doubt. This is based on a recognized principle of Islamic jurisprudence that personal loss will be preferred over public loss. If disastrous consequences with the use of the technology are not proven and government passes a law against the use of
this technology keeping in view public good then adherence to such policy also becomes obligatory on Muslim businessmen. A senior Mufti explained obedience to similar governmental policies as follow:

There is an established principle of Shari’a that it becomes obligatory on Muslims to obey the order of governments if the orders are for social good and do not contradict with the teachings of Shari’a. Allah says in Holy Qur’an, “O you who believe, obey Allah and obey the Messenger and those in authority among you. Then, if you quarrel about something, revert it back to Allah and the Messenger, if you believe in Allah and the Last Day. That is good, and the best at the end” (Qur’an, Surah An-Nisa 4:59). {Mufti Abdul Majid, File1:AO44}

Thus, Islamic perspective regarding the development, adoption and promotion of environmentally friendly technologies makes it a superior standard to the one adopted in UN Global compact for two reasons. First, Islam makes it obligatory on Muslims to abide by governmental policies and laws passed keeping in view the social good, and thus warning them that failure to do so will result in dire consequences on the Day of Judgment. Second, even in the absence of governmental laws, Islam makes it a religious obligation to use only environmental friendly technologies as it prohibits Muslims to use a technology that has proven disastrous consequences for the members of society.

6.4 Islam and ‘Anti-Corruption’ (Principle 10)
Derived from ‘The United Nations Convention Against Corruption’, the last principle of UN Global compact states that business organizations should cooperate and fight against all forms of corruption. The convention asks each country to promote a non-tolerant culture to corruption and pass necessary legislations to declare doing and facilitating corruption a criminal offence. It also wants member states to cooperate with each other against offenders and to recover the looted wealth through any kind of corruption.

According to Muftis, Islamic perspective is in accordance with this principle of UN Global Compact. Islamic teachings regarding truthfulness in business dealings, fulfillment of business contracts and rejection of bribery in business dealings show Islam’s intolerance towards these issues. Rejection of bribery is evident from the hadith of Prophet Muhammad (ﷺ) in which he said, “The curse of Allah is upon the one who offers a bribe and the one who takes it” (Hadith, Narrated in Sunan Ibn Majah). Similarly, the condemnation of abusing public office is evident from the following hadith of Prophet Muhammad (ﷺ):

“The Prophet appointed a man from the tribe of Bani Asad, called Ibn Al-Utabiyya to collect the Zakat. When he returned (with the money) he said (to the Prophet), "This is for you and this has been given to me as a gift." The Prophet stood up on the pulpit (Sufyan said he ascended the pulpit), and after glorifying and praising Allah, he said, "What is wrong with the employee whom we send (to collect Zakat from the public) that he returns to say, 'This is for you and that is for me?' Why didn't he stay at his father's and mother's house to see whether he will be given gifts or not? By Him in Whose Hand my life is, whoever takes anything illegally will bring it on the Day of Resurrection by carrying it over his neck: if it is a camel, it will be grunting: if it is a cow, it will be mooing:
and if it is a sheep it will be bleating!" The Prophet then raised both his hands till we saw
the whiteness of his armpits (and he said), "No doubt! Haven't I conveyed Allah's
Message?" And he repeated it three times" (Hadith, Narrated in Sahih Bukhari).

Islam urges Muslims to fight against evils and teaches that survival of good people is linked with
their efforts to eliminate disobedience to Allah in their societies. This is evident from the
following *ahadith* of Prophet Muhammad (ﷺ):

“The example of the person abiding by Allah's Orders and Limits (or the one who abides
by the limits and regulations prescribed by Allah) in comparison to the one who do
wrong and violate Allah's Limits and orders is like the example of people drawing lots for
seats in a boat. Some of them got seats in the upper part while the others in the lower
part; those in the lower part have to pass by those in the upper one to get water, and
that troubled the latter. One of them (i.e., the people in the lower part) took an axe and
started making a hole in the bottom of the boat. The people of the upper part came and
asked him, (saying), 'What is wrong with you?' He replied, 'You have been troubled
much by me (coming up to you), and I have to get water.' Now, if they prevent him from
doing that they will save him and themselves, but if they leave him (to do what he
wants), they will destroy him and themselves” (Hadith, Narrated in Sahih Bukhari). At
another occasion the Prophet (ﷺ) emphasized the same point by saying, “Whoever
among you sees an evil action, let him change it with his hand (by taking action); if he
cannot, then with his tongue (by speaking out); and if he cannot, then with his heart (by
hating it and feeling it is wrong), and that is the weakest of faith” (Hadith, Narrated in
Sahih Muslim).
The scholars also emphasized that it is responsibility of rulers to punish culprits involved in corruption. The punishment will vary depending on the nature of crime committed by the individual. For instance, punishment of thief is determined in the teachings Shari’a as to cut off right hand of thief. The punishment of bribery and other similar forms of corruptions are not determined by Shari’a. The scholars view that governments can legislate regarding punishment of these crimes to minimize occurrence of such instances in future.

It is evident from the above discussion that Islamic teachings, from the perspective of orthodox Islamic scholars, do not allow Muslims to accept UN Global compact as an acceptable minimum standard for responsible business because of incompatibility of some of its principles with the teachings of Shari’a. The orthodox Islamic scholars derive minimum standard for responsible business from the obligatory injunctions of Shari’a. On the contrary, Western methodology heavily depends on collective human conscious in setting ethical, moral, economic and other standards. This difference has contributed in complete or partial rejection of majority of principles of UN Global Compact by orthodox Muslim scholars.
7 DISCUSSION: CONTRIBUTION TO THEORY ON ISLAMIC CSR

Having looked at the findings presented in the previous three chapters, we are now in a position to see how these findings can extend the conversations on Islam and CSR. For risk of repetition, we will not reproduce the quotes through which these points are generated. The review of existing Western literature on Islamic perspectives on corporate social responsibility (ICSR) shows that the current discourse of ICSR appear to be based on the impressionistic understandings of Western qualified research scholars and that the viewpoints of orthodox Islamic scholars seems to have been completely ignored in this discourse. This absence is quite worrisome as it is acknowledged even by these West based scholars (Abou Fadl, 2005; Abou Fadl, 2001) that orthodox Islamic scholars provide authoritative understandings of Islam on any particular issue.

This study is to bring in voices of orthodox Islamic scholars in discussions relating to ICSR so that this gap of authoritative understandings in its literature can be filled. Face to face in-depth interviews were conducted in this study with Muftis, belonging to different schools of Islamic jurisprudence, living in Pakistan to know their perspectives on three different but interrelated issues. First, they were asked to give their opinion on the teachings of Islam regarding the social responsibilities of corporations. Second, they were asked to provide their views on contemporary business practices of Muslim businessmen and to discuss the challenges in implementing ICSR in business practices. Third, they were asked to provide their views on the compatibility of each of the ten principles of UN Global compact with Islamic teachings. The findings of these questions have huge importance as they can not only validate or challenge the existing understandings of ICSR in management and organization studies, they can provide an
alternative non-Western perspective in the discussions on Islam and corporate social responsibility.

In order to understand the difference between Islamic CSR construed by orthodox Islamic scholars and Western academic literature, it is important to understand similarities and differences from different dimensions. In the coming sections, we shall try to note similarities and differences between these two perspectives on Islamic CSR from four different dimensions. These dimensions are: i) principles of Islamic CSR which form the basis for CSR activities; ii) expected CSR practices; iii) responsibility of implementing CSR; and iv) enforcement mechanisms of Islamic CSR in any society. Next, I shall discuss the views of orthodox Islamic scholars regarding the factors contributing towards increasing the gap between orthodox Islamic theory of CSR and practices of Muslim business community. Finally, I shall compare orthodox Islamic perspective with Western academic literature on the compatibility of the ten principles of the UN Global Compact with Islam. It is observed that as we move forward from one dimension to the next, the differences between the two perspectives increases.

7.1 Islamic CSR Principles

A review of the existing literature reveals that academic scholars have theorized Islamic CSR with the help of different sets of principles. These principles include freedom (Graafland et al., 2006), justice (Basah and Yusuf, 2013; Aribi and Gao, 2012; Graafland et al., 2006; Beekun and Badawi, 2005), equitable distribution of wealth (Graafland et al., 2006), vicegerency (Basah and Yusuf, 2013; Aribi and Gao, 2012; William and Zinkin, 2010; Farook, 2007; Graafland et al., 2006, Beekun and Badawi, 2005), *maslahah* (Basah and Yusuf, 2013; Dusuki and Abdullah,
benevolence (Basah and Yusuf, 2013; Beekun and Badawi, 2005), divine accountability (Farook, 2007), tawhid (Basah and Yusuf) and Shari’a (Basah and Yusuf, 2013). The reading of the literature indicate that there appears to be no overall consensus of what are the most important principles with regard to Islamic CSR.

On the contrary, Islamic CSR, from the perspective of orthodox Islamic scholars, is based on a single principle of “Vicegerency” which states that Allah is the owner of everything and the position of a human being in this world is that of a trustee or a vicegerent. Muslims are not only restricted to earn only through halal means, they are also provided with clear guidelines regarding the disposal of their earnings. These guidelines, containing obligatory and recommended injunctions, derived from the sources of Islam, are collectively known as Shari’a. This vicegerency principle bounds every Muslim to obey the commandments of Shari’a which sets forth guidelines that not only provide a clear codification of permissible and impermissible activities for Muslims whether in business or in some other domain but they also provide principles to Islamically assess a newly emerging situation. For example, harm cannot be ended by a similar harm, a private harm is preferable to a public harm, and “there should be neither harming, nor reciprocating harm” are some of the principles of Shari’a which can be used to religiously investigate any new emerging matter which have not been discussed before.

According to orthodox Islamic scholars, obligatory orders of Shari’a provide the guidelines to establish minimal obligatory level of corporate social responsibility required from Muslim businessmen. Of course, the latter are enjoined to go beyond the minimum by engaging in Shari’a compliant recommended religious activities stemming from an “excessive Love for
Allah” as it is expected that those who love Allah more than anything else will always try to exceed the minimum required standard of all kinds of worships including service to mankind. Also keeping in view a very well-known saying of Prophet Muhammad (ﷺ) that “the best of people are those who bring most benefit for the mankind”, it is expected from more righteous Muslim businessmen to be involved in voluntary CSR activities for the love of Allah and to obtain higher places in the hereafter.

In the articulation of the vicegerency principle, some orthodox scholars emphasized that the Islamic understanding regarding the production and distribution of wealth in society as a generative part of this principle for articulating ICSR activities. According to these scholars, Allah is the owner and producer of everything, including wealth and humans, as stated in the vicegerency principle, are simply the stewards of Allah on earth, therefore, it is their responsibility that the distribution of wealth should also be done according to Allah’s instructions.

Shari’a has established several redistributive mechanisms ensurining the rights of poor and neglected people of the society in the wealth of every rich Muslim businessman. These mechanisms include zakat42, ushr43, voluntary charity and inheritance44. It is responsibility of

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42 Zakat is an obligatory charity on Muslims (Madani, 2006)
43 Ushr is Zakat (tax) on crops obtained from land through cultivation (Senturk, 2007)
44 Islamic law of inheritance is derived from the following three verses of the Qur’an (Lakhvi, 2010):
Allah directs you concerning your children: for a male there is a share equal to that of two females. But, if they are (only) women, more than two, then they get two-thirds of what one leaves behind. If she is one, she gets one-half. As for his parents, for each of them, there is one-sixth of what he leaves in case he has a child. But, if he has no child and his parents have inherited him, then his mother gets one-third. If he has some brothers (or sisters), his mother gets one-sixth, all after (settling) the will he might have made, or a debt. You do not know who, out of your fathers and your sons, is closer to you in benefiting (you). All this is determined by Allah. Surely, Allah is All-Knowing, All-Wise (Qur’an, Surah An-Nisa: 4:11).
For you there is one-half of what your wives leave behind, in case they have no child. But, if they have a child, you get one-fourth of what they leave, after (settling) the will they might have made, or a debt. For them (the wives)
rich Muslim businessmen to share their wealth with poor and neglected people as a duty rather than doing as a mere act of benevolence.

It is evident from the comparison between depiction of ICSR in western academia and orthodox view of ICSR that while Western CSR scholars have used multiple principles in understanding ICSR, orthodox scholars give prime importance to the principle of vicegerency expressed through Shari’ā as the overarching principle for theorizing ICSR. From the orthodox Islamic perspective, the remaining principles used in western academia are not central, standalone principles. Rather, they are directly or indirectly related to the concept of vicegerency and are integral part of injunctions of Shari’ā or consequences of Islamic CSR practices. For instance, the principles of freedom (Graafland et al., 2006), divine accountability (Farook, 2007) and tawhid (Basah and Yusuf, 2013) are closely linked with the concept of vicegerency. Similarly, the principle of justice (Basah and Yusuf, 2013; Aribi and Gao, 2012; Graafland et al., 2006; Beekun and Badawi, 2005) is believed by orthodox scholars to be an integral part of every single injunction of Shari’ā.
7.2 Expected CSR Practices

Moving from principles to practices leads us to the second dimension in which Western and orthodox view of ICSR can be compared and contrasted. This dimension is the socially responsible practices and activities expected from businesses and businessmen. Due to the use of different religious principles, the existing literature ends up lacking consensus on the understanding of expected ICSR activities. Moreover, there is considerable variation in how responsibilities and expected ICSR activities are discussed in the literature. For example, ICSR activities of Islamic banks are discussed separately and with some details from non-banking businesses whose expected ICSR activities are mentioned in quite general and vague terms.

The summary of existing research on expected ICSR practices is that it is the responsibility of corporations, their owners, and the managers to do the following:

A. Safeguard investments and to work and/or invest in only halal businesses (Beekun and Badawi, 2005).

B. Ensure merit in hiring and firing decisions (Ariibi and Gao, 2012; Beekun and Badawi, 2005).

C. Build transparency and leniency in relationship with buyers and sellers (Ariibi and Gao, 2012; William and Zinkin, 2010; Graafland et al., 2006; Beekun and Badawi, 2005).

D. Practice non-abuse of environment (Ariibi and Gao, 2012; Beekun and Badawi, 2005).

E. Should remember Allah in all dealings (Graafland et al., 2006).
These studies are quite general and do not deal with making tradeoffs between these practices. One exception to these studies is a research done by Dusuki and Abdullah (2007). They tried to present an instructive understanding of ICSR in situations where there are clear trade-offs before the organizations and their managers regarding rights of owners and other stakeholders. They argued that corporations and their managers are expected at the first level to protect stakeholders’ essential needs (life, intellect, religion, prosperity, and general public good). Upon fulfillment of these needs, corporations and their managers may then strive to provide further benefits to the stakeholders which were not that of essential nature (for instance, employee training programs). At the final level, corporations are expected to get involved in efforts to improve quality of public life by donating to the needy and the poor and by offering scholarships to needy students. However, the nature of their recommendations are voluntary in nature and lack clarity.

Greater details on expected ICSR practices are found in some of the studies in the ICSR literature focusing on expected behavior of Islamic banks. Reiterating the expected practices mentioned above, these studies provide further details on expected CSR practices in that they are more sector specific (e.g., to the finance and banking world) as compared to the general expected practices injunctions of the non-banking ICSR studies. For instance, Farook (2007) has talked about mandatory and recommended forms of CSR for Islamic financial institutions. The mandatory form of CSR include investment in halal businesses, avoiding haram earnings, responsible dealing with clients (provision of relaxation in payment structure for deserving customers), fair treatment of employees (an environment of non-exploitation and non-discrimination) and payment of zakat. The recommended forms of CSR include giving
benevolent loans, protection of environment, avoiding clients which are directly or indirectly linked with prohibited businesses or are not fulfilling the mandatory responsibilities prescribed by Islam in their businesses, investing in those industries which can turn out to be more beneficial for economic development, providing capital to small businesses, higher level of employee welfare, involvement in charitable activities, and help the Islamic institution of *Waaf*.

This work by Farook (2007) entails the most detailed analysis of expected mandatory and recommended CSR activities of Islamic Financial Institutions. However, when findings of this study along with others on expected Islamic CSR practices on banking and finance are compared with the views of orthodox scholars we note some differences between these two perspectives in terms of their conceptualization.

The first difference relates to the conceptualization of mandatory CSR in terms of its ambit. The guidelines regarding expected CSR practices as theorized by orthodox scholars are stipulated relevant for not just Islamic Financial Institutions but also, contrary to the literature, for any other small, medium or large business. For instance, unlike existing CSR literature where topics of *riba*\(^{45}\) and *ghurar*\(^{46}\) are only discussed in detail in the context of IFIs, in orthodox perspective of ICSR the issues of *riba*, *ghurar*, guidelines for a valid business contract, are equally applicable to non-IFIs as well to IFIs. The publication of papers on ICSR expected practices suggest western CSR scholars differentiate between IFIs and non-IFIs in terms of their social responsibilities. The orthodox perspectives challenge this view and put forward ICSR guidelines for expected practices that make no such distinction.

\(^{45}\) The concept is explained in detail in chapter no. 4
\(^{46}\) ibid
The other major difference between the ICSR research and the orthodox ICSR perspectives on expected ICSR practices is that the latter compared to the former provide a more detailed account of permissible and impermissible businesses, activities and transactions in Islam. For instance, there is a huge difference in the understanding of orthodox scholars and western CSR scholars on the understanding of the term riba. Western CSR scholars have literally translated and restricted riba as meaning interest on a loan (Aribi and Gao, 2012; Farook et al., 2011; Beekun and Badawi, 2005). On the contrary, orthodox Islamic scholars believe that there are many other forms of riba. For example, the concept of riba al-fadl is completely different from that of interest and only arises in cases of spot or deferred barter trades of items of same general kinds. It is obligatory on Muslims businessmen to understand and avoid both kinds of riba. Existing literature has limited information about the conditions for a valid Islamic business contract.

As is the case with riba, the orthodox scholars introduce more nuance to the discussions in the ICSR expected practices literature on obeying the law. For the existing research on ICSR businesses are expected to practice adherence to the law of the land. Orthodox scholars impose significant qualifications to this view that one could argue lead them to put forth a qualitatively different understanding on this expected ICSR practice from that contained in the

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47The concept of “riba al’nas’ah” is easy to understand as it refers to interest charged on loans or to any fine charged because of delayed payments. However, “riba al-fadl” requires some further elaboration. Prophet Muhammad ( ﷺ) named six items (gold, silver, wheat, barley, dates, salt) while declaring “riba al-fadl” haram. There is disagreement among scholars on the applicability of the concept of “riba al-fadl”. While some scholars believe that the “riba al-fadl” only arises in the exchange of above mentioned six items, other scholars have different point of views. Imam Abu Hanifa and Imam Ahmad believe that this ruling will apply on every measurable and weighable item. However, Imam Shafi believes that the concept is applicable for all eatable things and world’s currencies, and Imam Malik believes that this type of riba arises in exchanges of all food items and storable items. The disagreement of scholars on the issue is because of the reason that Prophet Muhammad ( ﷺ) never explained whether the concept is restricted to these six items or not.
existing literature. According to orthodox scholars, adherence to law of the land is obligatory for Muslims businessmen and organizations. In this, they agree with the existing literature. However, they introduce conditions on this expected practice not found in the literature and thus can be said to be offering a different and more nuanced view on expected practices as far as laws of the state go. The conditions being that the law is to be obeyed only in areas where the law has been made for the collective social good and does not break any injunction of Shari’ā. In case, the law of the land contradicts with the teachings of Shari’ā then organizations and businessmen should do their best efforts to avoid adhering to that law. The existing literature on expected ICSR practices makes no such nuances and distinctions. Thus, the orthodox understandings of the law can be said to differ from the ones held in the existing literature.

Not only do orthodox scholars provide greater details and nuances on expected ICSR practices mentioned in the literature as a way of challenging and diverging from it but they also strike a different note by introducing expected ICSR practices that are not discussed in that literature. One expected ICSR expected practice that orthodox scholars overwhelmingly emphasize that is slighted in the literature is that of knowledge acquisition. Orthodox scholars enjoin the firm to acquire and have ready Shari’ā related knowledge for all its current operations and acquire such knowledge before commencing new activities. They argue that either businessmen acquire the knowledge themselves, hire religiously qualified employees, and/or makes arrangements (e.g., Shari’ā Supervisory Board - SSB\textsuperscript{48}) for employees to receive their Shari’ā

\textsuperscript{48} SSB are composed of in-house qualified Islamic scholars and is a part of internal governance structure (Grais and Pellegrini, 2006).
related job knowledge. This knowledge acquisition is considered a key obligatory expected Islamic CSR practice from the orthodox view. According to it the permission to start a business can only be granted after the owners of the business acquire necessary religious education in that particular business. They either need to establish Shari’a supervisory board (SSB) in their organizations or remain in touch with the darul iftas of their community to keep a continuous check on their business activities.

Such is the importance given to this knowledge acquisition practice that, according to some orthodox scholars, it is also necessary to provide employees necessary non-business related religious education as well so that employees can succeed in the Hereafter. Many orthodox scholars interviewed in this research effort quoted the famous saying of the Prophet Muhammad (ﷺ) in which he said, “Every one of you is a herdsman and hence accountable for his charge (Hadith, Narrated in Riyad-ud-Salihin)”. The scholars on the basis of this hadith have argued that Muslim employers have an obligatory duty to push employees to perform obligatory religious activities.

Orthodox views also point out another expected ICSR practice not mentioned in the literature. That is, preferential status of Muslim employees as far the religious freedom in the organization is concerned. Although non-Muslim employees will be allowed to worship according to their faith, they are not allowed to preach their faith to other members of organization. On the contrary, Muslim employees will be supported and persuaded to fulfill their religious obligations and they are also given freedom to discuss and preach Islam at the workplace in their spare time.
Another expected ICSR practice not found in the literature that emerges from orthodox scholars is that it is obligatory on the part of organizations to engage in practices that prevent harm as well as promote religious values in society. The scholars especially showed their displeasure on the existing advertisement campaigns running on electronic media that they felt violated Islamic values of modesty by showing human beings improperly dressed. They clearly stated that anything which is against the spirit of Islamic teachings should be strictly banned and no one should be allowed to adversely affect viewers’ minds.

A final expected ICSR practice identified by the orthodox scholars not found in the existing ICSR literature is regarding responsibilities of users in business transactions. This topic is absent in the existing research. However, it is not so in the minds of the orthodox scholars. To them a key ICSR expected practice is to ensure that business transactions are only to be done with those persons or entities who will not use the legitimate products being sold to them in impermissible ways. For instance, it is not allowed to do business with an organization that is in its very nature involved in impermissible businesses (e.g., an interest charging conventional bank). However, there is a scholarly disagreement on this issue. While a group of scholars believe that all kinds of trades are disallowed with such organizations, others argue that only those transactions are disallowed which are directly linked with the core un-Islamic operations of organizations. Thus, if it is expected that the product will not be used in operations which are declared prohibited in Islam then there exist no restrictions on the part of selling organization.

The above deal with expected ICSR practices that are incumbent on the part of businesses according to orthodox scholars. In case of recommended ICSR practices, orthodox scholars believe that employees and neighbors should be the first priority if the organization and their
managers intend to involve in charitable work. One school of orthodox scholarship even believes that zakat (binding charity) is only accepted if it is spent in the area of its collection. However, majority schools of jurisprudence do not impose such a restriction. It is interesting to note here that the concept of first fulfilling binding responsibilities of stakeholders and then providing benefit to the nearby people is similar to the one put forward by Dusuki and Abdullah (2007) as the second stage of their proposed maslahah pyramid. However, there is a crucial difference that needs to be stated. According to the orthodox perspective, the sequence is not fixed and serving the general public can sometimes become more importance. For instance, if some individuals in the society do not even have sufficient food to live then it becomes obligatory on the rich community to help those people even when they have helped their own localities and have paid zakat from their wealth to do so. In other words, if the condition of the general public is extremely poor then it becomes responsibility of rich Muslims to do their best to improve their condition.

In summary, Islamic teachings as expressed by the orthodox scholars aim to eliminate exploitation through implementing obligatory and recommended expected ICSR practices in five domains. First, protect business organizations, its customers and suppliers from any kind of exploitation through strict adherence to the guidelines of Shari’a for permissible business transactions and contracts. Second, ensure elimination of employee exploitation by forcing employers to engage in practices that provide timely payments of reasonable level of salaries to their employees as well as providing knowledge to Muslim employees to learn about and have the freedom to practice their employee rights granted by their religion. Third, protect the interest of community members by making businesses responsible for the organizational
externalities and by declaring a business impermissible because of its preponderant negative impact on society’s members. Fourth, promote the Islamic values in society by providing employees with religious trainings, maintaining Islamic culture in businesses, and by ensuring that marketing and other operations are in line with Islamic teachings so as to not to plunder society’s spiritual wellbeing. And finally, endeavor to provide a minimum level of organizational philanthropy by carrying out obligatory charity (zakat) so that exploiting the vulnerability of the poor is reduced if not eliminated in society. On this basis, orthodox Islamic scholars argue that such expected ICSR practices can bring in an exploitation free high level of socially responsible behavior on the part of the businesses.

7.3 Locus of Responsibility for carrying out Islamic CSR

Another important dimension in which the two perspectives can be compared is in identifying where lies the responsibility for carrying out Islamic CSR activities. West based Islamic CSR scholars have predominantly ignored the area of exploring respective responsibilities of shareholders, top management, managers and ordinary workers in operationalizing Islamic CSR activities in organizations. Without even discussing the concept of corporation and the associated concept of limited liability in Islam, they seem to have associated all responsibilities to business organizations (Basah and Yusuf, 2013; Aribi and Gao, 2012; Farook et al., 2011; Farook, 2007). Although a few authors have briefly discussed responsibility assigning it to the expected behavior of Muslim businessmen (Graafland et al., 2006), the discussions have failed to provide conceptual clarity to the readers about the respective roles of shareholders, top management, middle management and ordinary employees in operationalizing ICSR.
Understanding of this issue is particularly important when the managers have to make decisions which involve clear trade-offs.

Contrary to the depiction of Islamic CSR in western academia, orthodox scholars explain with clarity their views on the concept of corporation, its associated concept of limited liability and the responsibilities of shareholders, senior management, middle and first-line management in carrying out obligatory and recommended CSR activities. There seems to be a consensus among the orthodox scholars on the recognition of corporation as a legal personality. However, there exists extensive scholarly debate among the orthodox scholars on the concept of limited liability. While a group of scholars, who supports the idea of Islamic banking, is comfortable with the notion of limited liability and enthusiastically provide examples from the Islamic history which provide justification for the idea of limited liability, the majority of scholars seem to out rightly reject their interpretation of those historical examples and declare that the idea of limited liability cannot be accommodated in Islam, as indicated in the interviews as well as secondary sources used for the study (Mumtaz, 2010; Abdul Wahid, 2008; Rufaq Darul Ifta Jamia Uloom Islamia Allama Banori Town, 2008).

While these groups differ on the legitimacy of the limited liability concept in Shari’a they are in agreement that it is the responsibility of the owners of small businesses to first obtain necessary business related Shari’a education and to put necessary strategic and operational guidelines in place in their organizations which can ensure elimination of all kinds of impermissible activities from the perspective of Islam. Furthermore, it is also their obligatory responsibility to ensure hiring of those individuals in their businesses who are aware of the Islamic teachings related to their work. Hiring of individuals who are not equipped with job
related religious training is only possible if their job related religious training is ensured after their hiring. In essence, only after establishing an Islamic culture and by putting necessary strategic and operational guidelines in place and after placing religiously qualified individuals in the organization, the owners of the businesses can be excused for any negligence on the part of their employees.

In the case of large business organizations the orthodox scholars argue that only those individuals can become members of board of directors in a large corporation who possess the necessary business related religious education. They also opine that it is the obligatory responsibility of board of directors to select and appoint religiously qualified individuals on the top managerial positions, provide direction to the employees by ensuring necessary policy guidelines are in place in collaboration with top management, and by continuously monitor overall operations of the business. The board of directors does not have the authority to compromise any of the obligatory guidelines imposed by Shari’a. However, they have some freedom in terms of the extent of applying recommended CSR activities.

The employees of organizations are religiously bound to follow the guidelines provided by the board of directors and senior management. According to several scholars, the employees do not possess the authority to involve the firm in any charitable activity until and unless the power to do so has been given to them by the board of directors or the senior management. However, majority of scholars believe that it is legitimate for employees to implement obligatory CSR activities even if the company policies, guidelines, and top management are not in favor of their implementation in the organization. These same scholars argue though that
involvement in recommended ICSR activities by employees that compromise organizational profitability is only allowed if the employees possess the authority to do so.

Regardless of their stance on whether employees have the discretion to engage on their own in Islamically obligatory CSR activities, orthodox scholars are in agreement that obedience to company policies is not allowed if they repeatedly require disobedience to Shari’a as is evident from one of the sayings of Prophet Muhammad (ﷺ) that “There is no obedience to a creature when it involves disobedience of the Creator (Hadith, Narrated in Sahih Muslim).” In this situation where doing one’s job requires disobedience to Allah, the orthodox scholars are split with regards to the permissibility of such employment. One group of scholars argues that Muslims are not allowed to enter any job contract which requires disobedience to Allah. However, the second group argues that it is recommended to first search and secure a more suitable job from a Shari’a stand point and only then resign from the existing job. The sheer fact of a job involving disobedience does not by itself make it impermissible because almost every job in the contemporary world, according to this group of scholars, demands disobedience to Allah.

In summary, the owners and top management appear to be responsible for learning the necessary Shari’a education related to their business before the start of their businesses, to elect and appoint only those individuals in the board of directors and senior management positions who know the demands of Shari’a. Moreover, these individuals are tasked to ensure Shari’a complaint strategic and operational guidelines are in place in the organization and to continuously monitor the implementation of these policies. The result of all this is that a firm ends up with at least a minimum standard of CSR guidelines that ensure within it the practice of
obligatory Islamic CSR activities. As far as the social responsibility of middle and first line managers is concerned, scholars argue that they are required to adhere to the organizational guidelines. They are allowed to bypass these guidelines only if these guidelines demand disobedience to Allah. In such cases, the employees are required to search for alternative jobs. Other scholars concur with this view but seem to go a step further arguing that middle and first line managers are required to become involved in implementing obligatory CSR activities without the consent of senior management. Moreover, they are fully authorized to carry out these activities even if doing so ends up violating company policies.

7.4 Enforcement Mechanisms

The fourth dimension under which the two perspectives can be compared is in their understanding of the enforcement mechanism of ICSR in the teachings of Shari’a. Western Islamic CSR scholars have to a great extent neglected this important dimension in their CSR discussion with the exception of a few articles which have briefly touched upon this topic. For instance, William and Zinkin (2010) claim that Islam has a superior enforcement mechanism as compared to UN Global Compact in individuals’ final accountability on the Day of Judgment. Orthodox Islamic scholars go further than William and Zinkin by identifying another two mechanisms which, according to their understanding, are inevitable for the enforcement of ICSR in any society. First, it is obligatory on every Muslim male and female to acquire knowledge of Islamic teachings about every field he or she is related to. Therefore, it is obligatory on every Muslim businessman to acquire Shari’a related knowledge about the business he intends to start and it is obligatory on every employee to know the teachings of Shari’a about the job he is required to do at the workplace. Orthodox scholars believe that
many people in the contemporary world are involved in impermissible activities due to their lack of knowledge. Acquiring such knowledge will motivate and enforce ICSR practices.

The second enforcement mechanism identified by orthodox scholars is an Islamic government. These scholars argue that Islam does not seek enforcement of its principles and practices by merely ensuring the education of Muslim businessmen and employees and warning them about their accountability on the Day of Judgment. In addition to all this it gives special powers to an Islamic government and requires it to play the role of a strong market regulator. Islamic governments are required to take necessary actions to ensure no business is involved in religiously impermissible activities. The existence of a vigilant regulatory structure in the form of an Islamic government makes it hard for Muslim businessmen working in a community to willfully ignore teachings of Shari’a. In summary, the realization of status of human beings in this world as vicegerent, duty to acquire job related religious education, fear of accountability on the day of judgment, and presence of a vigilant regulator in the form of Islamic government are considered by orthodox scholars as the four necessary pillars for the enforcement of ICSR and other teachings of Shari’a in a Muslim society.

Orthodox Islamic view of CSR provides a tool to rank organizations in terms of their CSR performance. This ranking is based on Islamic teachings regarding importance of earning through halal (permissible) means and complete avoidance of haram (impermissible) means of earning money. Following sayings of Prophet Muhammad (ﷺ) clarifies importance of this issue:
“O people, Allah is Tayyib (good) and does not accept anything but that which is good.

Allah has enjoined upon the believers that which He has enjoined upon the Messengers.

He says: O (you) Messengers! Eat of the Tayyibat [the lawful] and do righteous deeds.

Verily, I am Well-Acquainted with what you do", and He says: O you who believe! Eat of the lawful things that We have provided you with... Then he mentioned a man who has undertaken a lengthy journey and is disheveled and dusty, raising his hands towards heaven and saying: 'O Lord, O Lord!' But his food is unlawful, his drink is unlawful, his clothing is unlawful, and he is nourished with what is unlawful, so how can he receive a response?" (Hadith, Narrated in Sahih Muslim)

“A slave (of Allah) who acquires haram (impermissible) wealth and gives charity from it, it is not accepted from him. If he spends from it, he does not have any blessing (barakah) in it. If he leaves it behind him (i.e. he dies) it will be a means of taking him to the fire (of Hell). Verily, Allah does not wipe out evil deed with evil deed; instead, He wipes out evil deed with good deed. Indeed, the repulsive does not wipe out the repulsive”. (Hadith, Narrated in Musnad Ahmad)49

Based on the above mentioned teachings of Islam, organizations can be categorized from best (Level - 1) to worst (Level - 5) in terms of their CSR performance as follows:

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**Table 10: Categorization of Organizations based on their CSR Performance**

<table>
<thead>
<tr>
<th>Level – 1</th>
<th>Organizations practicing Obligatory and Recommended CSR Activities.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level – 2</td>
<td>Organizations practicing only Obligatory CSR Activities</td>
</tr>
<tr>
<td>Level – 3</td>
<td>Organizations practicing those Obligatory CSR Activities which are linked to <em>halal</em> (permissible) and <em>haram</em> (impermissible) earnings. However, some of their business activities are making their earnings <em>makruh</em> (disliked). These organizations are also practicing recommended CSR Activities.</td>
</tr>
<tr>
<td>Level – 4</td>
<td>Organizations practicing those Obligatory CSR Activities which are linked to <em>halal</em> (permissible) and <em>haram</em> (impermissible) earnings. However, some of their business activities are making their earnings <em>makruh</em> (disliked). These organizations are not practicing Recommended CSR Activities.</td>
</tr>
<tr>
<td>Level – 5</td>
<td>Earnings of these corporations are <em>haram</em> (impermissible) because of non-compliance to important obligatory CSR activities. Because their earnings are not acceptable, it does not matter whether these organizations engage in any charitable or other form of recommended CSR activities.</td>
</tr>
</tbody>
</table>
The way organizations is ranked in the above categorization is contrary to how Western academic literature rank organizations in terms of their CSR performance. The difference in the two approaches lies in high importance given by orthodox Islamic scholars on the performance of obligatory CSR activities.

### 7.5 Orthodox Islamic Scholars’ Views Regarding the Gap between Islamic CSR Theory and Practices of Muslim Business and Possible Challenges to Implement Islamic CSR Theory

An extremely important and linked topic related to the discussions on the enforcement of ICSR practices is the analysis to explain the gap between the practices of contemporary Muslim businessmen and the teachings of the *Shari’a*. Western CSR scholars have noted such a gap in their research. For instance, while trying to compare attitudinal differences of Muslims and Non-Muslims regarding CSR, William and Zinkin (2005) found out that Muslims are less concerned about CSR irrespective of cultural, demographic and socio-political factors. They have given three possible explanations for this discrepancy. First, Islam places responsibility on individuals and that is one reason why it is difficult for Muslim to assign responsibilities to a collective structure, such as corporation. Second, the concept of corporation as an artificial entity with similar set of responsibilities is not allowed in Islam. Third, Western academic scholars have failed to show Muslims the overlap between CSR and Islamic teachings.

In another empirical study on the difference between what the *Shari’a* postulates regarding responsible business behavior and what actually takes place in practice, Tsalikis and Lassar (2009) expanded the Business Ethics Index for the first time in two Muslim countries (Egypt and Turkey) to compare the results with studies conducted in Christian countries. The findings of
their study reinforce the findings of William and Zinkin (2010), Graafland et al. (2006) and William and Zinkin (2005) that although Islamic teachings call for high level of socially responsible behavior by the business community, the practices of Muslim businessmen are not aligned with the teachings of *Shari’a*. In a similar study, Uygur (2009) explored the influence of Islamic beliefs on the work-related attitudes of Turkish religious and secular SME owners and managers and came up with the findings that the influence of Islamic teachings on the behavior of those SME owners and managers is not significant. According to Uygur (2009), these businessmen are influenced more from their ethnic origins inherited from Ottoman Empire rather than the teachings of *Shari’a*.

Orthodox Islamic scholars also agree with Western CSR scholars that the contemporary practices of Muslim businessmen are not aligned with the teachings of *Shari’a*. However, the reasons these scholars provide for the emergence of the gap between theory of *Shari’a* and its (non) practice are different from those put forward by Western CSR scholars. These reasons are strongly linked with the absence of previously discussed enforcement mechanism structures of Islamic CSR in the contemporary world. For Instance, orthodox scholars believe that the biggest reason for the contemporary anti-Islamic business practices is the absence of Islamic governments. They feel that it is unconceivable to imagine an Islamic economic system without the presence of an Islamic government.

Orthodox scholars also believe that the absence of the *Shari’a* as a lived business reality has also to do with their marginalization from contemporary society. The scholars argue that along with the presence of a regulator, the orthodox scholarly community needs to re-establish its pivotal and important role in Muslim society if ICSR is to be witnessed in practice. In order to
play such a role orthodox scholars feel that the current structure of orthodox scholarship needs massive improvements. For instance, they acknowledge that the knowledge base of majority of orthodox scholars about the contemporary business practices needs to be improved and scholars need to interact with business community more often. The most common form of interaction between religious scholars and the Muslim community in Muslim world is through Friday sermons. However, the knowledge of these scholars about the business activities is very limited. Furthermore, as majority of the scholars, who give Friday sermons, are economically dependent on their audience, some of them even avoid choosing topics in which there is criticism on their audience. Therefore, orthodox scholars believe that their colleagues who might self-censor themselves on account of economic dependency on their audiences should be given financial independence by Islamic government in addition to the latter developing their knowledge base so that they can engage with modern day business issues.

Another very important and linked issue is the existing structure of darul-iftas (where Muslims takes guidance from Most qualified religious scholars) in the Muslim World. Some Muftis highlighted that there needs to be some intermediary institutions between darul-iftas and business community to reduce communication gap between them. Orthodox scholars also cast a glance outwards from within themselves to the current Muslim community in order to identify another reason for the absence of ICSR in practice. The explanation that comes to light from doing so has to do with the imperfections of community members especially in terms of possessing a deficiency of limited religious knowledge and a surfeit of lust for material gains. Because of the absence of Islamic governments and inadequate role played by the religious scholars, the Muslim population in the view of the orthodox scholars is severely suffering from
lack of relevant religious knowledge and improper understanding of Shari‘a. Lacking this influence they are not able to counter taking influence from the capitalist economic system. As a consequence, desire for material gains among Muslims has tremendously increased.

This desire for material gains can be seen for example by the fact that the majority of contemporary Muslim businessmen who interact with orthodox scholars are more concerned with obtaining certifications of existing often time questionable market based practices from orthodox scholars rather than trying to understand the objectives of Shari‘a. Orthodox scholars believe that without improving existing level of religious education and training in the Muslim community one should not expect these Muslims to do business in accordance with the teachings of Shari‘a. The change in the mindset of owners and top management and their business related religious education is considered to be the most important factor to minimize the gap between Islamic teachings and the practices of Muslim business community. This is because these influential people can establish religiously desired culture in the organizations where exploitation of employees is eliminated and focus on halal earnings and truthful dealings is emphasized.

In summary, orthodox Islamic scholars give three reasons for the discrepancy between teachings of Shari‘a and practices of Muslim business community. First, the absence of a regulator in the form of Islamic government has resulted in absence of necessary Islamic legislations regarding operations of a business organization. Second, existing structures of orthodox scholarship, their knowledge about contemporary business affairs, financial independence and existing system of darul-iftas need improvement. Third, attention needs to be given on enhancing religious knowledge of Muslim community that impacts their spiritual
development leading to minimization of desire for material gains especially among the elite who can set role models of exemplary behavior that they can encourage in the masses pious behavior through the vast resources at their disposal (e.g., creating organizational cultures that reward ICSR practices).

7.6 **Compatibility of Western based CSR Standards with Islam**

The fifth and final dimension under which the two perspectives can be compared is in examining their views on whether Western based CSR standards (e.g., the UN Global Compact) are compatible with Islam. The most notable work in this regard in the CSR literature has been carried out by William and Zinkin (2010) in which they compared and contrasted Islamic teachings with the principles of the UN Global Compact. They found out that, with the exception of non-recognition of the corporation as a valid legal entity and increased focus on individual responsibility, Islam has superior standards in three ways. First, the transparency standard set by Islam is superior to the Western concepts and its concern for the employees is much greater than the Western minimum accepted standards. Second, Islamic teachings unlike the generalities of the UN Global compact contain detailed information on the permissibility or impermissibility of doing a doing business operation. Finally, William and Zinkin (2010) found that Islam has superior enforcement mechanism (e.g., the concept of individual accountability on the Day of Judgment). William and Zinkin (2010) conclude that the UN Global Compact is quite compatible with Islam though the latter offers a higher standard for CSR.

Contrary to these findings of William and Zinkin (2010), orthodox Islamic scholars believe that Islamic teachings regarding five principles under the two sections of UN Global Compact
regarding ‘Human Rights’ and ‘Labour’ are different from Western standards. This is contrary to the findings of William and Zinkin (2010) who, as stated earlier, failed to find any substantive conflict between Islamic teachings and UN Global Compact. According to orthodox Islamic scholars, Islamic teachings differ from Western conceptualization of terms such as human rights as reflected in the UN Global Compact. For example, human rights in Islam are defined in the light of the Qur’an and the Sunnah, are broader in scope and constrained by the restrictions placed by Shari’ah contrary to Western concept of human rights which are based on collective human conscience.

Such conceptual or rather epistemic difference results in there being many areas of human rights, according to the orthodox scholars, where Islamic teachings are not compatible to globally accepted Western CSR standards such as the UN Global Compact. For instance, according to orthodox Islamic scholars, Islam claims to be the religion of justice rather than a religion of equality. From this premise they argue that Islam does not support the idea that there are no differences in terms of rights based on gender and religious affiliations, a position held by the UN Global Compact as well as many other Western CSR standards. In the opinion of orthodox scholars, males and females are treated differently in Islam with respect to inheritance, testimony, dress-code and expected role to be played in society. Similarly, Muslims and non-Muslims are not equal in terms of religious freedom, choosing religion of personal choice, marriage, entitlement to receive obligatory charity and taxation in an Islamic state. Therefore, any claim about equality of rights for all genders and religions as stipulated in the UN Global Compact (and many other Western CSR standards) is incorrect. Similarly, Islamic teachings only allows cultural and social freedom if they are not in contradiction with any
teachings of Shari’a. Moreover, the latter places boundaries for freedom of thought and expression. Based on these differences mentioned above, orthodox Islamic scholars believe that Islam has its own understanding of human rights and Muslims should only support and uphold Islamic view of human rights in the public life.

The other section of the UN Global Compact contested by orthodox scholars is “Labour”. The principles relating to freedom of association and the effective recognition of the right to collectively bargain, child labour and elimination of all kinds of discrimination in respect of employment and occupation in this section are deemed by the orthodox scholars to be either completely or partially incompatibility with their understandings of the Shari’a. For instance, the UN Global Compact requires the establishment of labor unions as stated in principle 3 of its labor section. The orthodox scholars question this principle. According to them, Islam accommodates the formation of labor unions not as a universal unconditional right, as seems to have been articulated by the UN Global Compact, but only after exhausting exercise all other options including the judicial system. Furthermore, these unions cannot be used to force employers to pay higher salaries and benefits on top of their rights given to them in the job contracts or by the government.

Orthodox scholars also question principle 5 of the UN Global Compact’s labor section regarding the prohibition of forced labor. As for the prohibition in principle 4 dealing with child labor, the orthodox scholars do not agree with it in its blanket condemnation and proscription of this practice. In their view, child labor is only prohibited if all economic needs of the child and his or her families are fulfilled by the community or the state. Orthodox Islamic scholars argue that in
the absence of available economic assistance, it is neither permitted nor justified to restrict a child from doing a job to satisfy his and his dependents’ essential needs.

On the issue of child labor, orthodox scholars also question the Western conception of child labour. According to ILO and UN conventions, individuals under the age of 18 are called child and deserve special protection\(^{50}\). However, not all work done by children is classified as child labour. The concept of child labour is defined as involvement of a child under the age of 13 in case of developed countries or under the age of 12 in case of developing countries in ‘light work’, involvement of a child under the age of 15 in case of developed countries or under the age of 14 in case of developing countries in ‘regular work’ or involvement of a child under the age of 18 in case of developed countries or under the age of 16 in case of developing countries in ‘hazardous work’\(^{51}\). On the contrary, according to orthodox Islamic scholars, child is someone who has not reached puberty. In interviews as well as secondary sources used for the study (Levy, 1971), it is pointed out that in the absence of physical signs, fifteen is the age for boys to reach manhood\(^{52}\). According to Muftis, it is not right to stop any individual who has reached adulthood from the right to earn at workplace. They also allow children (who have not reached adulthood) to do a job if they are forced to do it because of poor economic conditions of their families. Furthermore, they pointed out that Islam does not consider only adulthood as the sole criteria to involve in all kinds of jobs. While in some matters reaching puberty is enough to engage in do some jobs or to perform some responsibilities (e.g., doing physical work),

\(^{50}\)http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C182


\(^{52}\) Imam Abu Hanifa, who is considered as one of the greatest jurists in Islamic Law, believed that age of manhood for boys is 18 and age of womanhood for females is 17.
individuals need to reach level of *rushd* (maturity) for the performance of some responsibilities. For instance, an orphan living under a guardian gets the right to use his wealth when he reaches puberty. However, Islam orders guardians to give him full control of his wealth and property when they establish that the orphan has reached *rushd* (maturity). While Imam Abu Hanifa declared that the age to reach *rushd* (maturity) is 25, other scholars believe that this is not dependent on age of the person. Based on these differences, orthodox Islamic scholars believe that Western understanding of child labour is not compatible with Islamic teachings.

The final principle of the UN Global Compact’s labor section which the orthodox scholars raise concern about is principle 5. This principle deals with eliminating workplace discrimination. Regarding the elimination of all kinds of discrimination at workplace in respect of occupation and employment, Islamic teachings differentiate between individuals belonging to different genders and religions and as such contradict Western views regarding the elimination of discrimination at workplace. For instance, hiring female employees is only recommended if employers can arrange gender segregation or to make necessary arrangements to avoid any possible disobedience to the teachings of *Shari’a*. Similarly, in some situations, it is recommended to give preference to Muslim job applicants for hiring.

From the preceding discussion it is quite evident that Islam has its own ways of understanding human rights, possible role of labor unions, child labor, and workplace discrimination. Consequently, its understating of human rights abuse, child labour abuse or unjustifiable discrimination at workplace will depend on its understanding of these concepts on it own epistemic terms rather than how these concepts are understood in the West. Although orthodox Islamic scholars recognize that Islamic standards for environmental protection and
anti-corruption are superior to globally accepted standards, they reject the UN Global Compact as the minimum standard of socially responsible business for Muslim organizations because of the issues with the sections relating to human rights and labor.

In sum, the understandings of orthodox Muslim scholars regarding socially responsible business conduct is different from the understanding of Western CSR scholars in many ways as have been delineated in this chapter. There is difference in its conceptualization, enforcement mechanisms, responsibilities of owners and employees towards it, and explanations of the gap between Islam CSR theory and practice. Furthermore, according to orthodox scholarly understandings, the findings of the Western CSR studies which show compatibility between Islamic teachings and globally accepted CSR principles have proven to be lacking justification. All this demonstrates quite clearly that the understandings of Islamic CSR held by Western academics are not the only way to understand this subject. In fact, as the views of the orthodox scholars have shown, there are alternative understandings on this topic. Moreover, these understandings pose serious challenges to the Islamic CSR literature problematizing many of its claims (e.g., compatibility between Western CSR standards and Islam). The views of the orthodox scholars documented here appear to show the Western Islamic CSR literature to be highly Eurocentric and Westernized. As a result its claims that it is faithfully representing Islamic teachings on CSR appear quite untenable as shown by the voices of those whom the vast majority Muslims feel can authentically and authoritatively speak for their religion. Hence, Western Islamic CSR literature stands in need of radical revision by incorporating the contents expressed in this study if it is to rightfully make a claim to presenting authentic views of Islam
on CSR that are actually shared by its authoritative spokespersons and followers rather than foreign fictions that have little grounding or basis in this great tradition.
8 CONCLUSION: CONTRIBUTIONS, LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

The primary purpose of the study was to give voice to orthodox Islamic scholars in the discussions relating to Islam and CSR and to articulate a normative theory of Islamic CSR from the perspective of these orthodox Islamic scholars. This is done by carrying out face-to-face interviews of Muftis (most qualified orthodox Islamic scholars) located in Pakistan. By doing so, this study has helped in addressing a major limitation of CSR research identified by Lee (2008) and Lindgreen and Swaen (2010) who noted that although CSR has gone global, research in CSR is very much Western. Furthermore, this study enriches and extends Islamic Management and Organization Knowledge (MOK) by contributing to the conversations on Islam and CSR from the perspective of orthodox Islamic scholars located in South as recommended by Ul-Haq and Westwood (2012). This is an important empirical contribution of this study. From this empirical contribution, various theoretical contributions are extracted such as framework for an orthodox Islamic CSR, enforcement mechanism of Islamic CSR, and locus of responsibility of carrying out Islamic CSR in an organization. These have not been theorized before in discussions on Islam and CSR. Furthermore, the findings of study challenge many of the existing understandings of Islam and CSR and provide an alternative non-Western perspective in CSR research.

Findings of the research reveal that CSR is entrenched in the teachings of Shari’ah and should automatically reflect in the practices of business organizations if they follow the injunctions of Shari’ah. The obligation to follow Shari’ah is linked with the position of human beings as vicegerent of Allah in this World. Theory of orthodox Islamic CSR is theorized just from the principle of vicegerency, and orthodox Islamic scholars focus only on explaining how different obligatory and recommended injunctions of Shari’ah translate into socially responsible behavior.
of Shari’a abiding businessmen and business organizations rather than theorizing Islamic CSR by using maqasid al-Shari’a, justice, equitable distribution of wealth, benevolence, unity or any other principle.

According to orthodox Islamic CSR theory, minimum standard for socially responsible behavior of businessmen and business organizations can be achieved through abiding by all obligatory injunctions of Shari’a in business operations. Engagement in recommended injunctions of Shari’a on top of obligatory injunctions of Shari’a related to business result in higher level of socially responsible behavior. However, engagement in recommended injunctions of Shari’a related to business (doing some charity) can be considered CSR only if the income is generated through permissible means otherwise even a charity will not be considered an acceptable socially responsible act.

Comparison of orthodox theory Islamic CSR with current depiction of CSR in Western academia shows that theory of orthodox Islamic CSR explain two additional obligatory responsibilities of Muslim businessmen and business organizations. These are completely ignored in existing Western academic literate. These are obligation to learn business related instructions of Shari’a before the start of business and obedience to those order of governments which are there for public good and do not require disobedience to Allah. This implies that it is not allowed to start a business without obtaining business related Shari’a education. This obligation blocks any potential socially irresponsible behavior of businessmen or business organizations caused by lack of religious education. In addition to ensuring business related Shari’a education, Islam require from governments to play role of strong regulator. The presence of this regulator is there to block any intentional disobedience to the teachings of Shari’a. The obligation to
acquire business related Shari’a education and presence of vigilant regulators in the shape of
governments makes it difficult for Muslims businessmen and business organizations to willfully
ignore teachings of Shari’a. Consequently, these two act as in-built mechanism for enforcement
of CSR in a Muslim society.

Another important dimension which is predominantly ignored in Western literature on Islam
and CSR is the respective responsibilities of individuals involved in decision making or
operations of business including owners, directors, senior management and lower level
employees in carrying out Islamic CSR activities. According to orthodox theory of Islamic CSR, all
individuals who have the power to influence decision making in the business organizations are
responsible to use their influence in carrying Islamic CSR activities. On the contrary, the ones
who do not possess any influence are required to follow only those order which do not require
disobedience to Allah, and not to follow any order of their bosses in disobedience to Allah.
These employees are required to find some other job if the job repeatedly demands
involvement in a prohibited activity.

Another aim of the study was to understand the view of orthodox Islamic scholars regarding the
gap between Islamic teachings and business practices, and about the possible challenges in
implementing Islamic CSR in a contemporary Muslim society. The scholars pointed out that
existence of Islamic governments, presence of qualified religious community and level of
religious training among the members of society are necessary to minimize the difference
between theory and practice and absence of these factors have contributed towards increasing
gap between theory and practice in contemporary world. In order to implement Islamic CSR, in
addition to establishment of Islamic governments, it is necessary to provide contemporary
education to most qualified religious scholars, ensure their financial independence and to reduce the communication gap between members of society and orthodox Islamic scholars. Furthermore, it is equally important to religiously train members of the community to increase love for Allah and to reduce love for material gains in their hearts.

Final objective of the research was to evaluate ten principles UN Global Compact, a globally accepted standard for responsible business, from the perspective of orthodox Islamic scholars to check its compatibility of Islamic teachings. Contrary to findings present in the Western literature (William and Zinkin, 2010), findings of the thesis show that orthodox Islamic scholars reject UN Global Compact as a minimum standard for socially responsible business because of complete or partial incompatibility of principles relating to human rights, freedom of association and right to collective bargaining and child labour. The scholars out rightly rejected globally accepted understanding of human rights and declared that these should never be accepted and promoted at workplace because many of rights and freedoms guaranteed in ‘The Universal Declaration of Human Rights’ are contradictory to the teachings of Shari’a. They also believe that labour unions can only operate to secure their rights promised in employment contracts through peaceful means (hunger strikes or any other strategy contrary to the teachings of Shari’a is not allowed) and cannot pressurize their employers to obtain rights not granted to them in business contracts. On the issue of child labour, the scholars offered a different definition of childhood and also rejected Western understanding of child labour. They argued that such measures are neither advisable nor justified in the absence of economic independence of the families of working children. In summary, orthodox Islamic scholars hold a
consensus view that teachings of *Shari’a* are sufficient for Muslims to follow at workplace and thus, there is no need of any other standard or set of guidelines to be followed at workplace.

The rejection of UN Global Compact by orthodox Islamic scholars and their substantially different view regarding the responsibilities of Muslim businessmen and business organizations have two important implications. First, giving voice to orthodox Islamic scholars in Islamic MOK holds a promise to introduce an alternative understanding of Islamic teachings. Second, as Western research scholars have noted differences between teachings of Islam and practices of Muslims based on their impressionistic understandings of Islam (Zinkin, 2007, Graafland, 2006), this alternative understanding may prove to be useful in understanding the gap between Islamic theory and practices of Muslims by understanding the influence of orthodox Islamic scholarship on behavior of Muslims.

8.1 Limitations and Future Research Directions

Normative theory of Islamic CSR from the perspective of orthodox scholars presented in this study provides an alternative understanding of Islamic teachings regarding socially responsible business conduct. However, there are some limitations of this study. First, we focused on orthodox Islamic scholars located in Pakistan which is fine given the scope of the study, and although we feel that the findings of this study are generalizable to other regions, it would be nicer to check the views of orthodox Islamic scholars located outside Pakistan to make the sample more diverse and richer. Second, although we have interviewed several orthodox Islamic scholars and noted their views about the business community, we did not interview try to understand the views of Muslim businessmen about orthodox Islamic scholars. It would be
nicer to triangulate the views of Muslim businessmen with those of orthodox Islamic scholars. Third, the sample does not contain the views of those orthodox Islamic scholars living in first world. It would be interesting to compare the views of orthodox Islamic scholars living in Muslim World with the views of scholars living in the First World. Fourth, as in Pakistan, only male scholars are representative of the tradition. It would be nicer to have views of any female Muftis located in other geographical areas to compare the views of female Muftis with male Muftis. Fifth, researchers need to analyze in future studies whether the orthodox Islamic perspective on Islamic CSR explain the difference between Islamic CSR theory and practices of Muslim business community as discussed in Western academic discussions (William and Zinkin, 2010). This stream of research can further enrich our understanding of the influence of orthodox Islamic scholars on the behavior of Muslim business community.

The findings of the study demand similar investigations from the perspective of orthodox Islamic scholars in other management disciplines to enrich Islamic MOK. Furthermore, limitations of this thesis also open multiple avenues for future research. For instance, future research should try to give voice to orthodox Islamic scholars located in other geographical areas and belonging to Hambli, Shafi’i and Maalki schools of jurisprudence to evaluate how views of scholars located in different geographical areas and links to different schools of jurisprudence correspond to each other.
9 REFERENCES


## APPENDICES

### APPENDIX 1: Names and Location of Interviewees

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