Towards the Development of an Empirical Model for Islamic Corporate Social Responsibility: Evidence from the Middle East

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ABSTRACT

Academic research suggests that variances in contextual dynamics, and more specifically religion, may lead to disparate perceptions and practices of corporate social responsibility (CSR). Driven by the increased geopolitical and economic importance of the Middle East and identified gaps in knowledge, the study aims to examine if indeed there is a divergent form of CSR exercised in the region. The study identifies unique CSR dimensions and constructs presented through an empirical framework in order to outline the practice and perception of CSR in a context with strong Islamic beliefs. The framework goes beyond the platform of mere Islamic philanthropy and is based on CSR-stakeholder management practices. Following an exploratory research design and collecting interview data from representatives of 63 organisations from Saudi Arabia, the United Arab Emirates and Oman, the study offers a snapshot of the CSR reality from the perspective of those living the phenomenon. The results suggest that the practice and perception of CSR in the examined context are largely grounded in the areas of social and altruistic actions but they cannot be examined in isolation from the religious context of CSR operation. This focus is mainly attributed to the dominant role of Islam in the examined sample, which leads to forms of non-structured or semi-structured approaches to CSR. Apart from the theoretical advancements offered to the CSR literature, the study also provides contributions for practitioners and policy makers.

Key words: CSR, Islam, Islamic CSR, Middle East, Grounded Theory

1. INTRODUCTION

Recent years have witnessed an increased interest in understanding and implementing corporate social responsibility (CSR) beyond Western and developed-country contexts (Crane et al. 2019; Jamali and Hossary 2019; Murphy et al. 2019). Scholars have recognised the need for an in-depth examination of the specifications of developing countries and their diverse expectations from CSR (e.g. Visser 2006; Planken et al. 2013) and more specifically the impact of contextual factors (Lin et al. 2009), impact of culture (Jamali and Mirshak 2007), divergences in the socio-economic well-being of communities in developed and developing countries (Idemudia 2011), presence or absence of institutional actors (Dobers and Halme 2009), and influence of the religious context (Dusuki 2008; Jamali and Sidani 2013; Ali, 2014; Ray et al. 2014; Kazmi, 2016;). As a result, the literature (e.g. Turker 2009; Ramasamy et al. 2010; Jamali et al. 2017a) recognises significant variances in the practice of CSR between developed and developing countries as those variances give different meaning, role, and structure from the Western CSR model as presented by Carroll (1979). Moreover, scholars (Lindgreen et al. 2010) observe that the divergent perceptions, making sense and practice of CSR might be a result of the notion that CSR, as well as other Western-centred theories such as stakeholder theory (Freeman 2010), which is essential for the practice of CSR (Carroll 2004), have been created on the basis of the specifications and stakeholder requirements of the developed world. However, the contextual dynamics, stakeholder expectations, and how organisations act responsibly in Western countries are factors not necessarily compliant with the reality observable in developing countries (Yin and Zhang 2012). Moreover, the execution and organisation of CSR and stakeholder engagement requires a certain level of institutional support and various levels of industrial norms, civil organisations, and community groups that may result in different perceptions of CSR and strategic choices between developed and developing countries (Campbell 2007).

For example, the practice of CSR in the Middle East is increasingly attracting scholarly attention (e.g. Goby and Nickerson 2016; Jamali et al. 2017a) although CSR studies still remain in their infancy. The literature also indicates an increased interest in the examination of Islam as a potential factor with a role and importance for the divergent nature of CSR in the region (Koleva 2018; Murphy et al. 2019) from the Western CSR model (Carroll 1991). Considering that CSR is recognised as a socially constructed phenomenon (Votaw 1972) that needs to be examined within the context of its practice, scholarly argument that Islam could be important for the practice and understanding of CSR in the Middle East and a social construct[1] that may lead to divergent interpretations and perceptions of CSR (Locket et al. 2006) can be regarded as credible.

There are a number of studies that have attempted to frame the impact of Islam for the practice and perception of CSR. However, they have been primarily based on assumptions about what Islamic CSR could be (e.g. Khurshid et al. 2014; Ahmad et al. 2015; Jusoh et al. 2015) but not on empirical data that would indicate what Islamic CSR actually is from the perspective of those living it and practising it. Therefore, scholarly understanding of the phenomenon is still limited as the academic community is yet to investigate if Islam indeed shapes the perception and implementation of CSR in the organisation (Peifer 2015; Al-Abdin et al. 2018). Therefore, the study serves as an empirical attempt to investigate the impact of Islam on CSR and is guided by the following research question: Does Islam have any role for the practice and perception of CSR?

In light of the value added in exploring the practice and notion of CSR in diverse contexts, this paper chooses the emergence of CSR practices in three Middle Eastern countries – Saudi Arabia, the UAE and Oman – as the empirical context. The Middle East, characterised with vastly different social, cultural, and political structures from the Western world, and the

distinctive role of religion (Islam) in particular, provides a valuable research context for broadening the scholarly understanding and knowledge base of the practice of CSR beyond the Western context. A few important aspects create the rationale of the study's empirical context – firstly, the Middle East and the three examined countries in particular, are heavily influenced by Islam to the extent that there is no clear separation between Islam, state affairs and private life (Khan and Karim 2010), coupled with the notion that the Middle East is the birthplace of Islam and home of the two holiest cities in the Muslim world – Mecca and Madinah (Murphy et al. 2019). Secondly, CSR attracts increasingly significant government attention and funding in the three countries, primarily institutionalised through the local Chambers of Commerce (Jamali and Hossary 2019) where various events related to CSR excellence (e.g. the so-called CSR Labels, CSR Network, CSR Arabia Awards, Gulf Sustainability Awards, etc.) are regularly organised. Moreover, CSR was first introduced in the region in the UAE by foreign companies (Katsioloudes and Brodtkourb 2007), which is also the first Middle Eastern country to take steps towards creating CSR legislation[2]. Coupled with the fact that "Muslims represent approximately a quarter of the world's population" (Goby and Nickerson 2016, p. 168) and that "Islam is the second largest religion in the world" (Syed and Van Buren III 2014, p. 254) as well as "the GDPs of countries such as Qatar, Kuwait, and the UAE are among the highest in the world" and that the "spending power [of Muslims] is on the increase" (Goby and Nickerson 2016, p. 168), it is therefore compelling to understand if Islam could indeed play a role for the practice and understanding of CSR.

In answering the study research question, the paper relied on qualitative data collected from 63 public and private organisations in Saudi Arabia, the UAE and Oman. The main objectives of this research are: first, to investigate if Islam shapes the perception and practice of CSR in the examined context; second, if Islam is indeed important for the practice of CSR, to offer an empirically based framework for the understanding of Islamic CSR; and third, to provide a

foundation for further investigations of the phenomenon. The paper fills the gap in previous literature and advances knowledge in this important area of research by: 1) presenting fresh empirical insights from the Middle Eastern religious context in relation to the practice and perception of CSR at micro and meso levels, 2) providing an evidence-based framework on Islamic CSR built from the perspective of those living and practising the phenomenon, and 3) offering suggestions for policy makers and practitioners.

The study is structured as follows. The paper first outlines existing academic contributions on CSR from a non-Western context. Then the empirical context of the study is followed by a presentation and discussion of the methodological procedures applied in the research. The study continues with presentation and discussion of CSR understanding and approaches based on the collected qualitative data. After that, the framework constructed as a result of the empirical examination of the phenomenon is presented, followed by a discussion of the study's main contributions to the CSR field and implications for business practitioners and policy makers. Finally, the article concludes with consideration of the study's limitations and suggestions for further research.

2. CSR IN A NON-WESTERN CONTEXT

CSR has been part of the academic literature since the mid twentieth century and despite the long debate about the concept definition (Carroll 1991; Garriga and Melé 2004) scholars are yet to offer a comprehensive understanding and consensus of what CSR actually is (Scherer and Palazzo 2007; Jamali et al. 2017b). This issue is escalated by the recognized divergence in scholarly positions and understanding of the concept since "corporate social responsibility means something, but not always the same thing to everybody" (Votaw 1972). Considering that CSR is in "a *continuing state of emergence*" (Lockett et al. 2006, p. 133, original italics) it is difficult to frame it within specific boundaries. Moreover, scholars recognise that various

region-specific factors lead to different meanings of CSR (Jamali 2007; Robertson 2009) and as such "the confusion is not so much how CSR is defined, as about how CSR is *socially constructed* in a specific context" (Dahlsrud 2006, p. 1, emphasis added).

The literature on CSR in developing, non-Western countries is abundant, and scholars have been aware of the main reasons and variances between practising CSR in developed and developing countries since the beginning of the millennium (Jamali 2007; Jamali et al. 2017a). According to Wayne Visser and his research on CSR in South Africa, CSR is perceived and practised differently due to the very different social and economic contexts that corporations in developing countries have to deal with. That eventually results in stakeholder expectations related to the socio-economic well-being of local communities from business that are normally considered as governmental responsibilities in the Western context (Visser 2006). These expectations are escalated by the presence or absence of institutional actors to regulate governmental actions (Jamali and Neville 2011; Khan and Lund-Thompsen 2011) and by various contextual dynamics such as political and economic instability that may result in expectations from local business that have not been considered in Western CSR (Oliver 1991; Lin et al. 2009). In other words, in the absence of strong government and institutions to respond to social demands, business undertakes the role of a main provider of societal goods (Idemudia 2011) as that shapes the overall role of business in society (Dobers and Halme 2009), and may lead to different practice and understanding of CSR in developing countries.

However, the incompatibility of Western CSR has to be examined not only from the perspective of the inconsistencies between developed and developing countries but also from the perspective of the concept's origin, since the conceptualisation and formal writing on CSR is largely a product of the Western capitalist tradition which assumes a fundamental separation between market and society (Becker-Olsen et al. 2011). Moreover, Western countries, usually

characterised by efficient regulation and strong institutional presence, operate with CSR that integrates social, legal, and environmental concerns in business operations (Dobers and Halme 2009; Idowu and Filho 2009), and Western CSR is located in a system of relations built upon mutual responsiveness and interaction between business, government, legal and social actors (Carroll 1991), where organisational efforts are concentrated on addressing stakeholder demands, optimisation and performance, i.e. they have extrinsic reasons (Basu and Palazzo 2008; Maon et al. 2008, 2010); whilst the institutional environment in developing countries is under-developed and characterised by arbitrary enforcement of law, bureaucratic inconsistency, insecurity of property, and corruption (Blowfield and Frynas 2005). Consequently, this leads to different views of CSR and different role of business (Turker 2009). The mainstream CSR agenda is considered by critics as largely driven by Western societies and therefore reflects their priorities and concerns while insufficient room for other societies has been left (Ararat and Göcenoğlu 2006). As a result, there are scholarly arguments that contemporary CSR suffers from selective amnesia (Jenkins 2005) and issues demonstrating institutional inefficiency such as tax avoidance, unattainable investment or societal issues (e.g. poverty reduction and illiteracy) are not considered by the Western CSR (Ramasamy et al. 2010). Thus, CSR does not address the real political, economic and social problems of people in developing countries (Matten and Moon 2008).

Although CSR is widely seen as a global practice with international templates outlining the best approach, there remains tremendous variation in both the focus and the level of corporate social involvements among countries and particularly developed and developing countries, where scholars increasingly recognize the discrepancies in social and economic demands (Marquis et al. 2007; Yin and Zhang 2012). Furthermore, along with the inconsistency of Western CSR with the social and economic needs of the developing world, there are silent CSR initiatives not observable in the Western CSR model that are still widely practised and expected

by stakeholders in developing countries. Scholars argue that they might be influenced by culture (Jamali and Mirshak 2007), religious beliefs (Agle and Van Buren III 1999; Ramasamy et al. 2010; Atan and Halim 2012), values and historical traditions (Brammer et al. 2007), or are context-specific and observable locally (Visser 2006; Ringov and Zollo 2007). In other words, the literature recognises that the practice of CSR is culture-dependent and institution-bound (Campbell 2007; Caprar and Neville 2011), which makes CSR context-specific (Marquis et al. 2007; Ozuem et al. 2014) but may also lead to divergent perceptions about the areas that business should be held responsible for.

For example, with regard to religion, academic research has found Judaism to be less concerned with the economic responsibility of business and much more focused on the ethical conduct of business operations (Brammer et al. 2007), while Christianity emphasises more on the sharing of goods and caring for each of its members and has a positive impact on community-related practices (Brammer et al. 2007; Cui et al. 2019) and employee-related initiatives (Cui et al. 2016) but limited influence on environmental concerns (Cui et al. 2015). Muslims have an external focus (Brammer et al. 2007) with strong emphasis on *ummah* - productive human activity furthering the interests and health of the community (Ray et al. 2014) and strong emphasis on environmental protection (Dusuki 2008). This suggests that even religious traditions such as Christianity, Islam and Judaism that originate from the same Abrahamic faith tradition and share the same emphasis on community rather than the desires of any one individual or institution within it, could also differ in their views on the areas of which business should be held accountable for.

Therefore, CSR should be examined in the context of its practice since researchers recognise that CSR is largely contextually bound (Marquis et al. 2007; Ozuem et al. 2014) and therefore, understanding the effectiveness of CSR implementation requires an expansive view of the

different socially-constructed contexts and institutions in which individual organisations operate (Scott 2001; Aguilera et al. 2007). This argument disregards previous notions that economic prosperity is essential for the practice of CSR and suggests that historical traditions, values and beliefs are significantly more influential for business practices across countries. India, characterised with high CSR involvement regardless of its low gross national product per capita (GNP) (Chapple and Moon 2005) is an excellent example in this regard. Moreover, India is the first (and still the only one) country with CSR legislation.

Therefore, this study joins the growing academic debate about CSR in global management research and practice, and the abiding reflections of the impact of cultural and historical traditions on the practice and understanding of CSR in non-Western contexts. The research is particularly focused on examining if the contextual specifications of the Middle East have any impact on how CSR is practised and understood in Saudi Arabia, Oman and the UAE. The following section provides an overview of the Middle Eastern CSR environment so that an interpretation of the study findings within proper contextual parameters is enabled.

3. RESEARCH CONTEXT

The Middle East is comprised of several developing countries which have been argued to suffer from institutional voids and whose institutional mechanisms are far from homogenous (Al-Abdin et al. 2018). Several scholars (Jamali et al. 2009; Jamali and Sidani 2012; Goby and Nickerson 2016) have called for greater CSR research since Western CSR cannot be easily generalised to the Middle East due to its cultural, economic, political and particularly, religious distinctiveness (Murphy et al. 2019). As Jamali and Sidani (2012, pp. 3–4) suggest: "CSR in the Middle East does not exactly fit or mirror the Western frame of analysis, and [...] CSR per se (in contrast with more traditional philanthropy) is still an emerging concept that requires further systematic attention and consideration."

CSR was introduced first in the Middle East in 2004 in the UAE by multinational companies as a result of their demands for labour rights protection, better quality and sustainable production (Katsioloudes and Brodtkorb 2007). Although CSR is becoming increasingly visible and popular and is largely supported by various governmental programmes and initiatives (e.g. the CSR Label given as a recognition for CSR excellence in the field by local Chambers of Commerce), the concept remains relatively unknown for local businesses. For instance, while 66% of the domestic companies are 'familiar' with CSR, they struggle to define it, and more than 90% of the local businesses do not adopt CSR policies, objectives, auditing, monitoring or reporting (Selvik 2013). This is understandable considering that there is no legal framework or regulatory body to monitor and compel organisations to disclose CSR information (Soltani et al. 2015). When CSR is reported it usually occurs on a voluntary basis or is driven by a desire to enhance organisational image, credibility and trustworthiness (Jamali and Hossary 2019).

Moreover, Jamali and Karam (2018) observe that the boundaries between formal (e.g. government regulations) and informal (e.g. religious) institutions are often blurred and that may lead to peculiar CSR orientation and practice in the region. This obscurity comes from the notion that there is a lack of separation between public, private life and Islam (Agle et al. 2008; Khan and Karim 2010). *Islam* (meaning submission) is a complete code of conduct that impacts on the moral, legal, social, economic, educational, national and international aspects of public and private life. Its enormous impact is institutionalised through the Islamic *Shari'ah* law (the law of the land), the guidance of the *Qur'an* and the *Sunnah* (or *Hadith*). For that reason, research efforts in countries with strong religious institutions such as Islam should consider the importance of religion jointly with the examined cultural or business issues (Beekun and Badawi 2005; Syed and Van Buren III 2014; Terjesen and Sealy 2016).

For example, Williams and Zinkin (2005) study Islam as a guidance to direct and indirect responsibilities of business towards stakeholders and argue in Williams and Zinkin (2010) that Islam is more explicit than Western CSR due to clearer codification of ethical standards and enforcement mechanisms. Khan and Karim (2010) claim that Islam influences business and socio-economic life in a way which can be associated with the Western form of CSR. They regard Islam as a complete system of codes and guidelines that shapes an entire socio-economic system. Atan and Halim (2012) argue that features of social responsibility and justice are deeply rooted in the *Qur'an* and the *Sunnah*, as those sources oblige companies to execute their responsibilities toward society and environment. According to Dusuki (2008), *Shari'ah*, as a source with significant importance in the Islamic paradigm, provides a religious bond that surpasses the Western notion of corporate responsibility. Katsioloudes and Brodtkorb (2007) support this statement by emphasizing that Islam provides grounding upon which CSR practices can be established, while Rice (1999) recognises that Islam contains an entire socio-economic system where ethics dominate economics, contrary to the instrumental *modus operandi* of the developed world.

Therefore, the CSR initiatives, which are explored in the following sections, need to be viewed within the framework of the historical, cultural and religious backgrounds of the Middle East.

4. METHODOLOGY

Examining an abstract concept such as CSR that holds divergent meanings for different actors could be difficult due to the blurred boundaries of the concept (Lantos 2001). As Votaw (1972, p. 25) stated, "corporate social responsibility means something, but not always the same thing to everybody." However, considering that CSR is viewed as a socially constructed phenomenon that is in "a *continuing state of emergence*" (Locket et al. 2006, p. 133, original italics) it is essential to examine the factors that may impact on its construction. Therefore, the

study employed an exploratory research design (De Vaus 2001) presented in Figure 1, as well as a Grounded Theory (GT) approach and abductive reasoning (Peirce 1935) as it allows exploration of CSR as a socially constructed phenomenon from the viewpoint of key stakeholders involved in its construction and implementation within the organisation (Charmaz 1995; Corley 2015; Peattie and Samuel 2018) but also examination of the emerging social constructs, structures and beliefs associated with CSR (Koleva and Ocler 2018) that might be able to construct different versions of CSR and different versions of the relation between business and society. GT theory building approach is also consistent with the call for qualitative methodologies in the insufficiently explored field of CSR in non-Western contexts (Lockett et al. 2006). As a result, the study offers a substantive theory with analytic generalisability (Charmaz 2014a).

-----Insert Figure 1 Here-----

The study was initiated with general awareness of the phenomenon resulting from familiarity of the author with the research context (Figure 1) and materialised further after assessing empirical literature on the phenomenon following the principles of GT (Charmaz 2014a). A homogeneous purposive sampling based on specific criteria supported the study in identifying the most informative cases at this stage of the study (Table 1). Publicly listed companies (PLCs)[3] were assessed first because they are more predisposed to adopt CSR due to their size and international exposure (Katsioloudes and Brodtkourb 2007). From the identified 53 cases, 27 agreed to take part in the study and 6 of them were interviewed over the phone at this initial stage of the data collection (after approval from the relevant university's Ethics Committee). The frequent referring to and seeking support from the religious texts to discuss how CSR is practised in their organisation during the 6 interviews led to the emergence of Islam as a strong theme and that unexpected and "surprising fact" caused a "genuine shock" (Reichertz 2010, p.

219) in the research direction resulting in amendments to the original interview protocol (see Appendix) and research question (Sbaraini et al. 2011). The study was initiated with a general curiosity around the CSR notion in the Middle East, but the emergence of Islam as a strong theme suggested that CSR cannot be examined in isolation from the social and religious context of its practice and that led to the emergence of the research question presented in the Introduction.

The data analysis of the 6 interviews suggested some analytic indications but more information was needed. The analytic needs of the study initiated theoretical sampling (Charmaz 2006), where new informative cases were approached and data were collected from small and medium enterprises (SMEs)[4], governmental organisation (GOs), non-governmental organisations (NGOs) and more PLCs.

-----Insert Table 1 Here-----

Collecting data from SMEs and PLCs allowed the study to investigate how companies of different size practise and perceive CSR. NGOs were included due to their heavy reliance on support from the business sector but also due to the need of information related to CSR outcomes. GOs were included due to their policy-making responsibilities and authority to regulate and coordinate CSR locally. The SMEs, NGOs and GOs were approached through the author's personal contacts or through the participants in this study. Collecting data from these four groups helped the study to provide a rich snapshot on the phenomenon from the perspective of the public and private sectors and actors that are directly responsible for its practice and development. The final study sample (Table 2) consists of CEOs/founders and CSR/sustainability directors, born and raised in the Middle East. Their leadership, decision-making roles and authority with regard to CSR policy development and implementation makes

them the most appropriate sample for the study purpose (Avolio et al. 2009). They were interviewed by the author through visits to their headquarters.

---Insert Table 2 Here---

a) Data Collection

The study relied on intensive interviewing (Dotson 1954; Egan 2002; Lofland and Lofland 2006) for data collection that allowed preserving the participants' voice (Birks and Mills 2011), flexibility for interviewing participants with different personalities, communication styles and interest towards the phenomenon (Annells 1996; Bryant and Charmaz 2007; Charmaz 2014b) but also modification and change in the interview questions guided by theoretical sampling (Fend and Sachs 2008; Gill 2014) and unexpected findings (Reichertz 2010). Intensive interviewing also helped to avoid potential bias in the data related to social desirability, as intensive interviewing allows the respondents to immerse completely in the interview situation (Phillips and Clancy 1972; Stodel 2015), which resulted in interviews led by the respondents (Charmaz and Belgrave 2011) and non-direct (Fisher 1993) and face-saving questioning (Nancarrow et al. 2001).

All interviews were conducted in English. Given the nature of the issues investigated in this study, the participants were guaranteed anonymity which ensured openness and trustworthy information. The interview questions (available in the Appendix) were arranged in a manner that allowed the author to explore the spectrum of perceptions and practices in the organisations. However, they served rather as a guiding mechanism, not to be followed rigidly (Charmaz and Belgrave 2012; Urquhart 2012) as for the author it was more important to grasp

the participants' understanding and to explore the emerging themes in the study than to cover the interview guide (Charmaz 2014a).

Secondary data in the form of 115 annual, 16 CSR and 15 sustainability reports issued from 2013 to 2018 from the 27 PLCs were also collected and content-analysed. They served not only to identify availability of CSR data and activity in the organisations but also to compare the respondents' answers with the CSR data their organisations disclose. The examined SMEs, NGOs and GOs do not participate in CSR reporting. Additional secondary data from the *Qur'an* and the *Sunnah* were used as well. This approach to data comparison and triangulation helped the study to avoid weaknesses and potential discrepancies associated not only with organisational documents (Duriau et al. 2007) but also with interview data (Locke 2001). Moreover, it allowed an in-depth examination of the various dimensions and constructs of the phenomenon (Charmaz 2014) that led to the construction of valid knowledge presented through the substantive theory, i.e. focused on a particular empirical area of sociological inquiry that is based on profound analytic insights (that have generated new knowledge) and logical inference (therefore reasonable and scientific) (Reicherz 2010). Data collection was suspended after the 63rd interview analysis when all study categories were theoretically saturated (Charmaz 2006).

b) *Data Analysis and Theorisation*

The interview data analysis, performed by the author, employed standard GT tools and relied on four levels of coding (initial, in vivo, focused and theoretical), three sets of memoing (initial, theoretical and sorting), sorting of memos/categories and diagramming: all facilitated by constant comparison, abductive reasoning and theoretical sampling. The author adopted 'sorting memoing' – the product of memo and category sorting; although it is not part of GT, it was identified that reflecting on the sorting process in a memo specifically created for that purpose significantly facilitates the analysis and contributes to the overall reflexivity in the

study. Memoing served as a "self-monitoring tool" (Miles and Huberman 1984, p. 432), while constant comparison served for identification and verification of what matters in the research (Dey 2007). Both were essential for the study reflexivity.

The corporate reports content analysis aimed to identify relevant stakeholder groups for organisational CSR practices as well as the respective CSR response applied as part of organisational stakeholder management. Organisational outcomes that go beyond monetary goals and have a positive effect on the stakeholders were considered as a CSR response (Turker 2009). As a result, the author identified a number of CSR responses and these were organised and grouped around each targeted stakeholder group.

The process of category and substantive theory construction is presented in Figure 2 and explained in detail below by using examples from the GT analysis of the interview conducted with OM4. The categories were labelled with numbers so that they are easier to refer to in the study (i.e. Category 1, Category 2, etc.)[5] and are part of the overarching Core Category Islamic CSR which is composed of the ideological grounding behind the operational implications of CSR in the examined sample as constructed from the data.

-----Insert Figure 2 Here-----

The process of theory construction started after the first interview was recorded. An initial memo was created after every interview (Figure 2), which proved to be an effective analytic instrument. For example, during the interview with OM4, "striving for excellence" became quite obvious in his approach to CSR: "I am trying to be perfect in all aspects of life. I am a human, I am not God and by definition I am not perfect, but I am pursuing perfection and excellence and in my pursuit of excellence I get closer to God". This was labelled "the pursuit of excellence" in the initial memo and included as an in vivo code during the data coding as a

reminder that this statement is important and probably needs to be examined in more detail. Subsequently, "the pursuit of excellence" was indicated in 28 more interviews and was identified as an in vivo code with high analytic relevance to the examined phenomenon. In the following analysis, it was interpreted that "the pursuit of excellence" was an analytic tool with analytic relevance to the phenomenon and after the memo/categories sorting was raised to a property of Category 1. "The pursuit of excellence" (or *Ehsan* in Arabic) is one of the norms for conducting CSR in the examined context (Category 1) that impacts on individual level decision-making and organisational behaviour (Category 2).

Hazanat was also discussed by OM4 as particularly important for CSR, and this information was journaled in the initial memo and examined further in the following interviews as potentially having analytic relevance to the phenomenon. After the memo and category sorting, the importance of *Hazanat* was reflected in the construction of Category 3 and Category 4. Category 5 was constructed as a result of the comparison of the first four categories with secondary data in the form of Islamic textbooks and corporate reports.

Upon transcription, interview data were immediately line-by-line coded by the author (by hand) as this process helped identify actions, perceptions and outcomes by asking "What is happening here?" (Charmaz 2006). The step resulted in approximately 15,000 initial codes from the 63 interview transcripts. This was followed by focused coding to condense and understand the data by constantly comparing experiences, actions and interpretations across all datasets to identify themes and relationships (Charmaz 2014a). This resulted in approximately 1,200 focused codes. Coding was supplemented by constant comparison and memoing to capture thoughts, facilitate contrasts and identify connections across the data. In vivo coding was applied when the participants used specific everyday terminology to discuss the phenomenon (Charmaz 2005). Theoretical coding (Figure 2) helped to theorize the data and

focused codes, and was journaled in the theoretical memos (example in the Appendix) that served to indicate possible relationships between different theoretical codes and tentative categories.

An extensive reflective process of comparison of all memos and tentative categories followed after the 63rd, final interview was analysed. Processes D to G (Figure 2) were performed simultaneously and helped the author start seeing links and relationships between the tentative categories. The sorting process was journaled in sorting memos, diagrammed and presented in a graphical manner and resulted in the construction of 5 categories and an overarching core category, which were consequently compared with secondary data and raised to a substantive theory. The study continues with presentation of the study findings, categories and the core category.

5. FINDINGS

"so I believe the first promoter of CSR not at a corporate only but at PSR – personal social responsibility – level as well is Prophet Mohammed" (SA5)

All 63 interviewed leaders expressed a narrow (from a Western perspective) CSR conception. When asked about the CSR areas of investment, the most frequently CSR practices fell into the altruistic area of activities. This was explained as driven by the strong impact of Islam. The findings answer the study research question and suggest that Islam has a significant importance for the CSR activity and understanding in the region, starting from the initial stage of motivating leaders to engage in CSR, through their design, implementation, target stakeholder groups, operation, accounting and reporting. This impact ultimately shapes organisational CSR outcome. The study findings are presented in this section through the categories constructed as

a result of the data analysis (Table 3). The categories suggest that the macro context (Category 1) influences the micro and meso levels of analysis (Category 1, 2 and 3), the outcome of which is a specific operational approach to CSR (Category 5).

---Insert Table 3 Here---

a) *Platform*

Category 1 – Platform for Conducting CSR

Although their implementation and consideration is rarely publicised, respondents openly shared and stressed the importance of a number of Islamic principles that shape their CSR activity and resulted in the construction of Category 1. These principles are summarised in Table 4 and supported with examples from the interviews in order to demonstrate their inclusion as properties of Category 1 and relevance to the examined phenomenon.

---Insert Table 4 Here---

The category is based on three levels that have a normative nature (Table 4). The first one indicates the importance of specific theological principles as suggested by respondents and their relation to the examined phenomenon. This level is composed by essential principles of Islam suggested by the participants that give community support a mandatory nature. All axioms of Islamic morals and norms originate from the concept of *taqwa* and the requirement to do what God commands. For that reason, theological principles were interpreted in the study as the first level upon which other principles build. Two of them – *zakat* and *sawn* – were suggested by participants as particularly relevant to the CSR of their organisations. The importance of supporting the needy (*zakat*) in Islam is institutionalised in the form of a religious pillar that holds the power of a formal ritual and converges humankind with God. Similar understanding is embedded in *sawn* – one of the Islamic pillars that predisposes to solidarity

with less privileged people. This strong emphasis given by the participants on supporting the needy on a material level (by giving *zakat*) and emotionally (through *sawn*) was interpreted in the data as important for the establishment of a personal paradigm of kindness, humanity and support of less-privileged people: "Every devoted Muslim is raised with the principles of feeling solidarity with less privileged people and helping them" (SA14). Respondents also gave high importance to the intention (*niyya*) and sincerity (*ikhlas*) behind one's deeds and words. They suggested that the intention and reasons for people's participation in social activities reflects on whether the act will be accepted by God or not: "Your intention sometimes is more important than the act itself. I guess this is the reason why we prefer to keep most of this information for ourselves because if we brag about it or use it to show off, our deeds will not be accepted by God" (OM22). Ultimately, the impact of *niyya* results in limited publicity and CSR accounting. However, sharing is supported when the intention is to educate others.

The respondents suggested that the theological principles are the foundation upon which important morals and norms for the application of CSR are formed, such as values for humanity and sympathy towards the other (*insāniya*), giving out of compassion, religious duty or generosity (*sadaqah*), and acts of charity (*auqaf*), putting others before yourself (*itar*), fulfilling obligations and responsibilities (*amanah*) and equal treatment of all people (*adl*), seeking and sharing knowledge (*ilm*), taking care of common good and human development (*tazkiyyah*), environmental care and protection (*emara*), and commitment and discipline in work (*ehsan*).

b) Organisational Level

Category 2 – Organisational Behaviour

The data analysis suggested that the religious affiliations of the examined context – theological principles, morals, norms (Category 1), their exercise as formal rituals and the religious guidance provided through the Islamic textbooks, result in establishing a specific set of

individual-level emotional prism, belief system and morals that serve to refract and re-shape the social actors' communication with the external reality. Thus, as interpreted in the study, the internal moral emotions and perceptions for ethical behaviour are built as a result of religious affiliations that drive and transfer to external behavioural patterns including ethical behaviour.

The study results suggest that the Islamic principles presented through Category 1 impact on the respondents' *ethical sensitivity* (italicised text in this part, apart from quotations, indicates properties of Category 2) and their ability to recognise an issue as such, and whether a specific situation requires their attention. That recognition could occur as a result of one's subconsciously driven behavioural models, but an automatic response to the specific situation will be produced:

> *"We (Muslims), when we are children we are taught to give food to the poor, to go to the mosque and distribute alms to the poor, so when we grow up, it's still in us as part of us. It's not 'oh, I should', but it's automatic, like getting up in the morning and brushing up your teeth. You don't get up and think 'it is a job' or 'should I do it or I shouldn't', it's just natural, it's in-built."* (SA2)

Once the problem is recognised as such and there is an emotional alertness at a personal level, it was interpreted that the *prescriptive reasoning* or the respondents' ability to identify the ideal solution to a particular problem could also be influenced by the religious affiliations:

> *"Prophet Mohammed has a saying: 'if you really want to have faith in Allah, you have to give away to your brother, whatever you love for yourself'. So, it's about giving away and supporting, especially the word 'supporting' come of the top of priorities. So, it's really highlighted by Islam to support."* (SA3)

The respondents' ability for *prescriptive reasoning* being refracted through the inner ethical and moral prism results in identifying and prescribing a specific course of action, a response to that particular problem. In other words, the problem is acknowledged as such, followed by a response.

It was further interpreted in the analysis that the respondents' *ethical motivation* – that involves their formulation of ethical intention of whether to comply or not with the ethical judgement made previously – is driven by their religious affiliations as well. Here, the data analysis suggested that the idea of afterlife impacts strongly on the respondents' decision-making ability and motivation to behave ethically and *act on moral concerns*. Moreover, that influence may also affect their response to the specific issue:

> *"We believe in Islam that there's an afterlife and whatever good deeds you do here, you will definitely be rewarded perhaps in this life or in the afterlife as a good deed, because you are not asking for anything back."* (OM10)

As interpreted in the analysis, this may lead to the establishment of a specific behaviour in the respondents that as result of their decision-making role in the organisation, may translate to a specific form of CSR and organisational response to social issues. That suggests an impact of the religious affiliations on emotions, morals, ethics and behavioural patterns, and their influence on individuals' decision-making processes and consequently, organisational behaviour (through the respondents' leadership positions) as interpreted in the study. This influence was identified as having major significance and impact on organisational ethical behaviour in the examined organisations.

Category 3 – Ethical Character and Organisational Motivations

The data analysis indicated that the religious belief in afterlife and the promise of rewards in the afterlife presented by the respondents as *Hazanat* (italicised text in this part, apart from quotations, indicates properties of Category 3), invokes a specific attitude and judgement of the acknowledged issue by the participants (*ethical character*). These specific attitudes and motivations at a personal level translate to organisational-level motivations and intentions to behave or not in an ethical manner according to the analysis. *Hazanat* was presented by the respondents in the following manner:

> "*In Islam we believe that all the deeds that you are doing during your live are kept and tracked and there's a record of them. And this book, everything good and bad you do is recorded and you will be faced and accountable to what you have done in your life. When you do good, God will reward you with Hazanat.*" (SA5)

Ultimately, contributing to society and satisfying God as suggested by the respondents, results in obtaining *Hazanat* for one's good deeds. This belief is an important component of Islamic teaching and results in the development of a specific ethical character and mind-set that is compliant with the divine expectations for human and ethical conduct. Followed by organisational leaders, that may consequently impact on organisational-level operations that are regarded as a platform for obtaining positive rewards and CSR as the practical tool for that purpose.

When the respondents were asked whether their expectation for obtaining *Hazanat* and being rewarded in the *afterlife* could be perceived as a reason for them to participate in ethical operations and CSR, they gave a response similar to OM10's and were unanimous that their primary motivation to engage in ethical and CSR initiatives is to obtain *Hazanat*:

"Of course it does! Yes! There's no way we can separate that. We know that now we are helping the society and if I don't get anything here on the Earth I will get it in the end, in the afterlife." (OM10)

Therefore, the study findings suggest an impact of the religious affiliations on the respondents' ethical and moral prism and a key factor for undertaking an ethical course of action.

Category 4 – Organisational CSR Focus

It was further interpreted that the concept of *Hazanat* has the potential to impact on organisational CSR initiatives and more precisely, to attract organisational focus to a few areas of interest:

"When a person dies, the book [of deeds] *is closed and nothing is added to it – positive or negative, but Prophet Mohammed explained to us that there's an exception where after you die and the book of deeds is closed, it can be reopened after your death and you can have either good deeds or bad deeds added to it in three cases."* (OM7)

The participants suggested that these three cases (properties of Category 4) are:

1) Creating knowledge:

> *"One of them is leaving behind beneficent knowledge or science, discovered new knowledge, books, inventions, which produced positive impact to the people so every time people benefit from your knowledge after you die, it will add credits to you even after your death."* (SA5)

2) Investing resources in orphanages, schools, hospitals, urbanization improvement, environment:

> "*So if you dig a well or build an orphanage, or build a school, or build a hospital, as long as people drink from the well, walk on the road or are treated in the hospital, every time this takes place after your death, there will be a continuous flow of rewards and blessings coming to you even after your death.*" (SA15)

3) Investing in human capital:

> "*The third one, is preparing your children or student to be a good citizen and to have a positive place in the society, so it's about human capital.*" (EM9)

These three forms of obtaining *Hazanat* suggest a strong impact of the macro (religious) context on the micro and meso levels of the examined context. Apart from the individual impact that *Hazanat* exerts on the respondents and motivates them to adapt certain ethical behaviour, it also indicates a specific organisational interest in investing in a set of distinct CSR areas – e.g. building hospitals, schools, and conducting educational and entrepreneurial programmes. These CSR areas of investment mirror to a great extent the CSR initiatives observed in the region (Jamali and Sidani 2012).

Therefore, with regard to the overall impact of *Hazanat* on the examined context, the data analysis suggests that *Hazanat* influences: 1) the respondents' *ethical character*, understanding for ethical response and motivation to act upon a problem (Category 3); but also, represents 2) a significant motivation for the respondents to focus on a few specific areas of ethical and social activities (Category 4) that could ultimately shape organisational CSR initiatives (Category 5).

a) *Operational Level*

Category 5 – Islamic CSR Initiatives

The Islamic principles suggested by the respondents as essential for the CSR initiatives of their organisations (summarised in Table 4) were compared with secondary data in the form of Islamic textbooks and corporate reports which led to the construction of Category 5. Community and community-related CSR initiatives were indicated by all 63 respondents as central for their organisations. The comparison with the *Qur'an* and the *Sunnah* suggested that community support is also strongly encouraged in the Islamic religion: *"Do good to parents, kinsfolk, orphans, those in need, neighbours who are near, neighbours who are strangers"* (Qur'an, Surah An-Nisaa' 4:37); as well as investment in employees and employability: *"So, if one has one's brethren under one's control, one should feed them with the like of what one eats and clothe them with the like of what one wears"* (Sahih Al-Bukhari 49:29, 2545); entrepreneurship programmes: *"A man's work with his hands and every (lawful) business transaction"* (Jami' at-Tirmidhi 9:39 846); investment in knowledge and talent development: *"My Lord! Enrich me with knowledge"* (Qur'an, Surah Ta Ha 20:115); environmental protection: *"Look to your adornment at every place of worship, and eat and drink, but be not prodigal"* (Qur'an, Surah Al-A'raf 7:32); charity and charitable giving: *"those who spend their wealth in Allah's cause are like grains of corn which produce seven ears, each bearing a hundred grains"* (Qur'an, Surah Al-Baqarah 2:262); volunteering: *"The dearest and nearest among you to me on the Day of Resurrection will be one who is the best of you in manners"* (Riyad as-Salihin 1:631) and ethics: *"And hasten to forgiveness from your Lord and a garden as wide as the heavens and earth, prepared for the righteous. Who spend during ease and hardship and who restrain anger and who pardon the people – and Allah loves the doers of good"* (Qur'an, Surah Al-e'Imran 3:133-134).

The information from Table 4 was also compared with data from the corporate reports' content analysis, the findings of which are presented in Table 5.

-----Insert Table 5 Here-----

The information retrieved from the reports indicates that the examined organisations consider seven stakeholder groups for their CSR initiatives by providing CSR responses to various stakeholder areas of interest (Table 5). Community was identified as central for organisational CSR efforts (as suggested by the interview data analysis as well) in all 27 PLCs, as they invest in CSR practices focused on health care, education, employment, religious (organisation of religious celebrations, religious education, distribution of religious books, etc.), cultural and sport-related CSR programmes. Employee-related CSR initiatives were identified as important in 18 of the PLCs. Other stakeholder groups (shareholders, partners, regulators, and customers) and their related concerns were considered CSR-relevant in 12 of the organisations. Partners are such as media, distributors, suppliers, NGOs and business associates, where the organisations are expected to be transparent and open for cooperation. Similarly, regulators (e.g. government, institutions and authorities) also benefit from CSR initiatives related to transparency and cooperation. Organisations focus their CSR attention on customer-related programmes that aim to provide high quality and *Shari'ah* compliant products (in Islamic Financial Institutions - IFIs) and services. Environment is taken into consideration in all 27 PLCs as companies invest in a variety of environmental programmes (cleaning and protection).

In other words, the areas of CSR interest that were suggested by the respondents as particularly important for their CSR agenda (Table 4), were compared with the *Qur'an* and the *Sunnah* and it was confirmed that the eight areas identified in the books (and presented above) correspond to the organisational CSR activities identified in the interviews. However, these eight areas cover the stakeholder-CSR response presented in Table 5 where the reader can see CSR

initiatives corresponding to the information retrieved form the religious books and to the interview data. The results of this comparison suggest that there is a relationship between the respondents' information shared through the interviews, the information retrieved through the secondary data analysis of the corporate reports, and the information retrieved from the religious textbooks, which suggests that the religious context observed locally is important for the CSR agenda of the 63 organisations.

Moreover, the areas of CSR focus communicated through Category 4 (investing in human capital; investing resources in orphanages, schools, hospitals, urbanization improvement and environment; and creation of knowledge) also find reflection in the areas of organisational responsibility suggested by the *Qur'an* and the *Sunnah* (such as community support, investment in employees and employability, entrepreneurship programmes, knowledge and talent development and environmental protection).

This approach to data triangulation allowed the study to examine any possible divergences between the information communicated through the primary data and the information reported in the corporate documents. Moreover, the data triangulation allowed the study to explore if the religious textbooks and principles included in them, which the respondents were describing as a source of CSR inspiration, are indeed important for their CSR agenda. As a result, it was interpreted in the study that the principles summarised in Table 4, the importance of *Hazanat* and belief in afterlife presented through the categories above, result in the implementation of a specific set of CSR initiatives that could be considered essential for the CSR activity in the examined context (Table 6). Although there is a possibility for different CSR practices (e.g. more instrumentally oriented CSR initiatives) to occur, these initiatives would rather be an exception than a rule, primarily because they are not aligned with the need of religious fulfilment presented above. Through the concepts of *Hazanat* and afterlife, the interviewed

leaders are more predisposed to invest in distinct forms of CSR initiatives with a particular focus that are silent but impactful, region-specific, and driven by religious factors (Table 6).

---Insert Table 6 Here---

Core Category Islamic CSR – Relationship between Categories

The five Categories presented above inform the Core Category Islamic CSR in the manner demonstrated in Table 7: the religious affiliations (Category 1) exert impact at the organisational level by providing a specific moral and ethical paradigm that shapes the respondents' communication with the external reality; when exerted by leaders, this paradigm could affect organisational behaviour (Category 2) and ethical responses to environmental dynamics (Category 4); the Islamic postulates further influence the ethical character of the interviewed leaders and the organisational motivations to provide solution to a particular problem (Category 3) as that may shape the strategic orientation of the organisational CSR activity and the specific CSR initiatives which the organisation would develop and conduct (Category 5).

-----Insert Table 7 Here-----

6. DISCUSSION AND CONTRIBUTIONS

The study aim was to investigate if Islam has any role for the practice and understanding of CSR by relying on empirical evidence collected from organisations in three Middle Eastern countries – Saudi Arabia, Oman and the UAE. The study employed a GT research strategy which helped the study achieve its intended objectives: Objective 1, to investigate if Islam

shapes the perception and practice of CSR in the examined context, was addressed by applying GT in order to collect empirical evidence that would shed more light on the phenomenon. GT shaped the approach to sampling, data collection and analysis, and also theorising. The empirical evidence suggested that Islam is important for the understanding and application of CSR in the 63 examined cases; GT, as a theory-building approach, was applied in order to construct a substantive theory based on the empirical data (Objective 2) which could serve for further investigations on the phenomenon (Objective 3) – discussed in more detail in the concluding part.

Taken together, the study findings paint a snapshot of the understanding, principles, processes and outcomes of CSR in a context of strong Islamic beliefs. The study findings and categories comparison with additional theoretical literature, led to the construction of the study's substantive theory (Figure 3). Following the principles of Grounded Theory, the substantive theory was built only after all categories, including the core category, were compared with relevant theoretical literature. This comparison is reflected in the following section, the outcome of which is the framework presented in Figure 3.

---Insert Figure 3 Here---

The findings suggest that religion (Islam) is very important for the 63 participants in this study and their religion helps them understand and make sense of CSR, which projects Islam as an essential part in the creation and co-creation of the CSR phenomenon in the examined sample. As a result, religion (Islam) as a social construct leads to the construction of a particular CSR version by the social actors directly involved in the actioning of the phenomenon at an organisational level, but also to different dynamics in the business–society relationship: the interviewed leaders share the common belief that they as individuals but also the organisations they represent, have the moral obligation to support local communities and provide response

to stakeholder concerns that could be regarded as voluntary or government responsibility in the Western context. Therefore, the empirical evidence offered in the study suggests that the contextual specifications of developing countries (in the study case, Islamic religion) may lead to divergent perception and understanding of CSR, and also to different dynamics in the business–society relationship. These findings contribute to the literature on CSR in developing countries (e.g. Jamali and Mirshak 2007; Idemudia 2011; Jamali et al. 2017a; Jamali and Hossary 2019). Moreover, 1) the substantive model for contextualisation and understanding of CSR from an Islamic perspective offered here, and 2) the identified *specific* religious elements and beliefs that lead to a peculiar approach and version of CSR contribute to the emerging literature on Islamic CSR (e.g. Ketola et al. 2009; Darag and E-Bassiouny 2013; Khurshid et al. 2014; Zain et al. 2014). Furthermore, the study examines Islam as a social construct which is novel not only for the area of Islamic studies and CSR but also generally for the area of religion, as previous studies (e.g. Barnett et al. 1996; Glover 1997; Beckford 2003) have been primarily focused on examining Christianity only as a social construct.

After the analysis, a set of ideational and ideological factors associated with the belief that leaders have the moral obligation to support local communities, largely driven by Islamic religious norms and values, was identified. The analysis suggests that the sample organisations use a set of Islamic principles, morals and norms as a source of inspiration and blueprint for their CSR initiatives and as a result of that, their CSR has a different scope and orientation compared with the CSR agenda of the Western world. In other words, Islam constructs a version of CSR that is distinct from the Western approach to CSR. Therefore, the study aim was achieved and the findings suggest that Islam indeed plays a major role in the application and understanding of CSR to extend where the participants cannot differentiate CSR from Islam and CSR cannot be discussed/practised in isolation from the religious context. However, the study offers a CSR model that is based on the values, traditions and silent (but impactful)

practices observable locally and that makes it relevant to the contextual dynamics and specifications of the examined cases, contrary to the Western CSR. For example, the overall emphasis placed on the social aspect (to extent where the C in CSR is not clearly defined and is rather absent) in the proposed CSR model contradicts with what is traditionally found in the Western context. As a result, the CSR effectiveness is not measured in the studied sample because there is no expectation of immediate return. Moreover, this impact is not restricted to the Islamic banking sector only as suggested by previous evidence (e.g. Jusoh et al. 2015) but to all sectors examined in the study (e.g. logistics, oil and gas, telecommunication, transport, tourism, retail, construction, health care, education).

Contrary to the Western CSR characteristics (e.g. Basu and Palazzo 2008; Maon et al. 2008, 2010), where CSR is 1) driven by stakeholder demands, 2) performance driven where the organisations pursue measuring effectiveness of CSR engagement and 3) motivation driven where the organisation has extrinsic reasons (e.g. corporate reputation, managing risk, generating customer loyalty, responding to NGO action, and pre-empting legal sanctions) for involvement in CSR activity, CSR in the examined context is not constrained within the boundaries of corporate performance and is not aligned with any specific corporate objectives. While these factors are considered to be an incremental part of the economic responsibilities of the organisation according to the CSR pyramid proposed by Carroll (1991), where the economic domain serves as the basis upon which the legal, ethical and discretionary responsibilities rest and the economic responsibility is regarded as the primary CSR dimension in the developed world while the discretionary has the least importance (Burton and Goldsby 2009), it is hard to expect that the emphasis placed on social and altruistic CSR practices in the examined sample is a natural evolution through Carroll's (1991) CSR pyramid. One plausible explanation apart from the strong influence of the religious context presented in the study, could be the institutional context of the Middle East where ideas such as "shareholder interest"

(Freeman and Velamuri 2006) and "legal compliance" (Carroll 2016) widely embraced in the Western world and capitalist tradition are not clearly defined and that may reflect on the overall CSR experience in the region (Jamali and Mirshak 2007; Idemudia 2011). As suggested in the study, the overall emphasis on social and altruistic aspects and unique Middle Eastern dimensions concern the interplay of individual, institutional and socio-cultural dynamics that shape CSR activities as well as the extent to which organisations' relationships with the external environment depend on these dynamics. Therefore, it could be concluded that the employment and diffusion of CSR as an emerging practice in the examined sample is mainly driven by moral leadership and institutional necessity. Moreover, the examined leaders and their respective organisations are intrinsically driven (Allport 1950), pursuing value-rationality (Weber 1978) as a reason to invest in CSR as they feel morally obliged to support local communities and contribute to their well-being, while the Western approach follows rather instrumental[6] (Weber 1978) and extrinsic reasons for investing in CSR (Story and Neves 2014). Therefore, the perception and practice of CSR from an Islamic perspective offered in this study differs from the business case of CSR observable in the Western-country context since the proposed framework for Islamic CSR is located in a system of relationships built upon the interaction between business, social and religious actors, contrary to the Western CSR where this interaction is primarily between business, government, legal and social actors (Carroll 1991). In other words, Islam is regarded as an integral part in the relationship between business and society.

This integral form of existence in the relationship between business and society differs from the impact of Christianity in the formation of capitalist tradition largely discussed in the work of Max Weber. While Weber (2002) shows how a particular strand of Christian thought played a significant part in providing the motivation that lead to the development of Western capitalism, he also further noted that the spirit of capitalism could be divorced from religion,

and that those passionate capitalists of his era were "either passionate *against* the Church or at least *indifferent* to it" (Weber 2002, p. 23, emphasis added). This differs significantly from the close relationship and interaction between Islam, business and society presented in this paper.

The business case for CSR (Husted and Allen 2007; Zadek 2006, 2007) is focused on consideration of social or environmental concerns, the addressing of which could contribute to the financial position of the business (Porter and Kramer 2006). The ultimate goal here is to protect the corporation, enhance its competitive advantage, reduce costs and risk, build strong reputation and image, and generate win-win outcomes (Jo and Harjoto 2011; Bondy et al. 2012). Therefore, the priority for using CSR is to create value as defined by the dominant market and financial logic. However, the Islamic CSR presented in this study could be regarded as a prescription of profit-moderation, contrary to profit maximization with an emphasis on societal welfare, as compared to individual gain. The model favours an understanding of CSR that goes beyond the familiar "business-of-business-is-business" argument that judges the value of CSR in terms of the economic contributions that it might make to the bottom line, and offers a practical stakeholder-based framework for applying CSR to deal with various stakeholder related areas of concern such as society, operations, business ethics, human resource management, leadership, marketing and environment (Freeman et al. 2004; Mitchell et al. 2011).

In other words, while developed countries usually judge the value of CSR in terms of the economic contributions to shareholders, the business case for CSR has a different perception in the examined cases as they are significantly influenced by Islamic values and significantly different from the shareholder value maximization tradition followed in the West. In fact, this differing emphasis on the business case for CSR has been recognised in other Eastern cultures as well, such as India (Chapple and Moon, 2005; Planken et al. 2013), Pakistan (Khan and

Lund-Thomsen, 2011), China (Yin and Zhnag, 2012), Taiwan (Lin et al. 2013), Indonesia, Malaysia, the Philippines, South Korea, Singapore and Thailand (Chapple and Moon 2005), where researchers identified strong emphasis on local culture and traditions for organisational CSR commitment and forms of CSR executed around social well-being which calls for more research on the topic of CSR in non-Western markets.

The substantive theory of Islamic CSR presented in the study is grounded in the business practice of the examined organisations, contrary to previous research on the topic (e.g. Darus et al. 2013; Khurshid et al. 2014; Zain et al. 2014; Ahmad et al. 2015; Jusoh et al. 2015) that has been focused on developing conceptual CSR frameworks arranged around Islamic principles (see the Appendix for comparison). The literature on this topic provides valuable conceptual information about an Islamic religious framework within which CSR *might be* practised. However, while the present study is based on empirical data and reflects the participants' views of what they *actually do*, previous research has been based on what CSR *could be* from an Islamic perspective (Darus et al. 2013; Khurshid et al. 2014; Zain et al. 2014; Ahmad et al. 2015) or have a limited research scope and are focused on one industry only (e.g. banking and finance as in Jusoh et al. 2015). In contrast, the present study encompasses the participants' views on CSR principles concerning the internal and external organisational stakeholders as part of the organisational stakeholder – CSR management, while previous literature has been primarily focused on the institutional dimensions behind those religious principles and paid no attention to stakeholder role or how stakeholder management could be incorporated within the CSR framework proposed by them. Considering that there is a "natural fit between the idea of CSR and organisational stakeholders" (Carroll 1991, p. 43) and that the literature recognises them as interrelated concepts (Dahlsrud 2006), because "the stakeholder concept personalises social responsibilities by specifying groups or persons to whom companies are responsible and should be responsive" (Branco and Rodrigues 2007, p. 10), it

is therefore, acceptable to argue that a CSR framework can be considered relevant only if it is built around stakeholder needs and expectations, as in the model presented in the study.

The study findings suggest that Islam impacts heavily at individual-level ethical decision-making and understanding of the social context. Decision-making has been recognised as a choice of "a preferred option or a course of actions from among a set of alternatives on the basis of given criteria or strategies" (Wang and Ruhe 2007, p. 73). As interpreted in the study, this choice of options, selecting a response and solution to a problem, are significantly influenced by the respondent's religious affiliations, as the outcome of this impact has the potential to shape organisational (CSR) behaviour and organisational (CSR) response to a particular problem. As a result, the study contributes to the literature on ethical decision-making (e.g. Rest 1994) by identifying the driving factors that would translate ethical character from individual, micro level to organisational CSR behaviour, i.e. meso level, and to Ray et al. (2014) by providing evidence on the specific Islamic religious systems that might articulate business responsibilities in the organisation.

Moreover, the respondents were identified as developing and implementing CSR initiatives that are in accordance with a specific Islamic belief called *Hazanat.* The desire to fulfil their religious responsibilities creates a particular ethical character (see Rest 1994; Gaudine and Thorne 2001; O'Fallon and Butterfield 2005) that connects and interacts with the surrounding environment in a distinct manner. The outcome is a form of organisational CSR activity that becomes a way of fulfilling one's religious responsibilities that has a focus and orientation significantly different from the Western CSR agenda. The ideological foundation behind *Hazanat* was interpreted as a main driver and motivation for conducting ethical operations, CSR initiatives, and concentrating CSR efforts in specific areas. This finding contributes to Peifer (2015) by providing an empirical support for the positive influence on Islam toward CSR

practices and by providing an empirical evidence that Islam fosters engagement with business ethics, ethical business behaviour and CSR. Moreover, the study adds to Ray et al. (2014) by identifying the particular beliefs that motivate individuals to engage in organisational ethics. Additionally, the study adds to Malik (2015), Ali et al. (2017) and Chung and Cho (2018) by providing more clarity on the role and impact of contextual pressures (in the study case – the impact of *niyya*) for the lack of CSR disclosure in developing countries. As a result, the study observes blurred boundaries between Islamic moral authority and business.

Therefore, the distinction of the Islamic CSR model constructed in the study with academic literature leads to the following argument. Despite the common consensus from the public regarding the need for CSR in the current business environment and the increasingly popular trend among businesses to adapt CSR, CSR is still in a process of development and evolution from a scholarly perspective where academia is yet to reach consensus on what CSR is exactly, and from a business perspective where business practitioners are yet to develop balance between corporate and social priorities.

The categories constructed from empirical findings with regard to the importance of Islam add to the argument described above as follows. With regard to CSR activity, the Islamic religion as a contextual factor has the power to shape organisational processes and behaviour. A set of Islamic principles was suggested by the participants as important for CSR and communicated through Category 1. In conjunction with beliefs such as *Hazanat* and afterlife, they influence individual-level decision-making, ethical response (Category 2) and ethical character (Category 3) of the respondents. Followed by leaders, this impact may translate to organisational behaviour (Category 2) and organisational motivation to invest in CSR (Category 3). Accordingly, organisations focus on a few specific initiatives that could be regarded as essential for the CSR activity in the examined context (Category 5) and would

allow the participants to fulfil their religious responsibilities, the ultimate aim of which is to obtain *Hazanat* (Category 4). As a result, the study identified forms of CSR practices influenced by Islam with strong social and altruistic orientation (Category 5).

This study adds depth to the literature in multiple fields as discussed above. However, the study has important practical implications as well. For Middle Eastern and Western organisations interested in social investments in the region, the study suggests that they have to take into consideration how the religious institutional framework and historical traditions influence local CSR patterns. The study suggests that leaders and managers (local as well as foreign) need to be conscious of the impact of Islam on business practice, which is essential for the understanding of local *modus operandi* and the specifications of the Middle Eastern business context. At the same time, foreign as well as local managers may use the findings presented in this study when developing the CSR agenda and initiatives for their local subsidiaries and organisations. Moreover, the proposed framework could be used as a reporting mechanism and communication within external stakeholders with the purpose of educating them (which is compliant with the requirement for *niyya*).

On the other hand, the study suggests that CSR is still in a stage of emergence and the concept is not well known in the region. Therefore, policy makers can use the findings and proposed framework offered in the study to popularise and raise CSR awareness in the region. Considering that the proposed framework is rooted in the historical values and traditions of the Middle East, contrary to Western CSR, it will be easier for local business practitioners and stakeholders to associate with it and embrace it. Moreover, the region still lacks CSR legislation (although as mentioned in the Introduction, the UAE is taking steps in that direction) and it will be beneficial for policy makers to use the present study in order to materialise and frame the arising institutional elements into an emerging CSR regulatory system that will provide a

more structured approach to CSR. As reported by the participants in this study, CSR is still practised in a non- or semi- institutionalised manner and legal framework that would provide regulations and foundation for a more systematic approach to CSR, could be quite beneficial for the local business context.

7. CONCLUSION, LIMITATIONS AND RECOMMENDATIONS FOR FURTHER RESEARCH

This study aimed to provide an empirical examination of whether Islam has any impact on CSR. The perspective of 63 leaders in various organisations in Saudi Arabia, the UAE and Oman was considered for that purpose. The study findings suggested that the impact of Islam is well institutionalised and integrated at organisational level with significant impact on organisational CSR activity. However, despite its valuable contributions, this study is not without limitations. Whether the Islamic CSR framework constructed in the study would have the same dimensions and categories outside of this sample, is a question that could be answered in further studies. Considering that the intensity or importance of the religious context observed in the examined sample might be different in different country settings, it is possible for a future study to reach different conclusions. For example, some Muslim countries use *Shari'ah* law as their basis for government affairs, legal system, and social norms – the so-called Islamic States, that are often considered theocracies – while others use *Shari'ah* to define their legislation and social norms but *Shari'ah* is not used in government affairs. Saudi Arabia, Iran, Pakistan, Afghanistan, Mauritania and Yemen fall within the first category. Saudi Arabia was examined in this study. Oman and the UAE are representatives of the second type of country influenced by Islam, where *Shari'ah* is an incremental part of the local legislation and social norms but finds no influence in government affairs. There are also secular countries where Islam is the official state religion but *Shari'ah* has no relevance in government and legal matters

or social norms (e.g. Turkey) (Islamic Countries of the World 2019). It could be assumed that Islam would be much more impactful on CSR in Muslim countries where *Shari'ah* is part of the government *modus operandi*, local legislation and social norms (as in the countries examined in this study) rather than secular countries where *Shari'ah* has no practical implications in public or private matters. However, there are 53 more Muslim countries in the world (OICD 2019) in addition to those examined in the paper and it will be important to survey their views on the phenomenon before statistical generalisation is done.

The study findings have analytic generalisation (Yin 2009) and could be considered generalisable (or "transferable", as qualitative researchers would prefer) to the emerging field of Islamic CSR only, not to a population (Becker 1990). As Bogdan and Bilken (1998) state, qualitative studies are not primarily concerned with producing statistically generalisable findings but exploring a phenomenon that has not been examined in sufficient depth before, i.e. they are concerned with providing depth in an insufficiently explored area, as in the present study, instead of breath as in descriptive methodologies (Stenbacka 2001). However, the analytic nature of the findings allows them to be used as a stepping stone for the development of statistical instruments and tested with a larger sample with the aim of achieving statistical generalisation to a population (Schofield 2002). Whether the study findings and proposed CSR model would have the same structure in a different geographical area with divergent or similar influence of Islam, could be examined in a further study.

In accordance with the analytic generalisability of the study, the study offers a substantive theory focused on a particular empirical area of sociological inquiry, not a formal theory, and could be considered relevant to the people concerned. However, as noted by Charmaz (2006), the findings of several substantive theories can be combined and conceptualised in order to

develop a more general, abstract theory which is in accordance with the call for further research expressed above.

ENDNOTES

[1] Religion is well recognised in the literature as a social construct (e.g. McNichols and Zimmerer 1985; Barnet and Karson 1987; Barnett et al. 1996; Glover 1997)

[2] Corporate Social Responsibility | UAE: www.csruae.ae/en

[3] PLCs (Publicly Listed Companies) is a sample group composed by domestic businesses listed on the local stock exchange markets

[4] The European Commission definition of small and medium-sized enterprises (SMEs) is firms with up to 250 employees. https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en

[5] The author uses a capital "C" and a lower case "c" to differentiate discussions concerning the categories that have been developed in the data analysis (capital C) from general methodological discussions on categories (lower case "c")

[6] According to Max Weber (1978):

1)*instrumentally rational* (*zweckrational*) - determined by rational expectations, motivation associated with security, a guarantee that something will happen with a very high certainty. The expected benefit will materialise at a certain point, normally not that long in the future.

(2) *value-rational* (*wertrational*) - determined by a conscious belief in the value for its own sake of some ethical, aesthetic, religious, or other form of behaviour, independently of its prospects of success. There is no guarantee that a benefit will occur or when. If the respondents in this study expect some form of reward, that reward will be for their soul (as it will be received in the Heaven) not even in their lifetime, i.e. it is value based, not material.

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