

DOING BUSINESS WITH ISLAM: CAN CORPORATE SOCIAL RESPONSIBILITY BE A BRIDGE BETWEEN CIVILISATIONS?

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Abstract

We investigate the differences in attitudes towards Corporate Social Responsibility (CSR) between Muslims and non-Muslims. Using a sample of nearly 20,000 observations across 21 countries we show that Muslims are less concerned about CSR than non-Muslims and that these differences do not appear to be explained by demographics, socio-political factors or cultural differences. Nonetheless, Islamic teaching on business ethics is very much in line with the CSR agenda and Islamic laws require high standards from all stakeholders. We suggest that this paradox opens up an opportunity for the CSR paradigm to build bridges between the Muslim World and the West.

Keywords: Islam, Corporate Social Responsibility, Social Factors, Culture, Demographics

1. Introduction

We live in a world which is increasingly turbulent and where despite, or perhaps because of, the deepening interdependencies that come from globalisation, many of the differences between world civilisations appear to be getting wider rather than narrower. Indeed some commentators have claimed that there is a “clash of civilisations,” that arises from fundamental and possibly irreconcilable differences in cultures, social norms, ethics and religion which form the foundations of world societies (Huntington 1993, 1999). One of the most discussed, but by no means unique, areas of concern within this debate is the apparent dissonance between the Muslim World and the non-Muslim World, especially the Judeo-Christian (or increasingly secular) Western World.

This debate has also entered the arena of business and management and particular interest has focussed on the influence of religious teaching in Islam on the attitudes of Muslims towards the ethical behaviour of firms, (Gambling and Karim 1991, Beekun 1996, Rice 1991, Ali 2005). This research is both timely and well motivated; Islam is a large religion of around 1.3 billion followers, it is a growing religion and one with a very young age profile amongst its adherents. This provides both opportunities and challenges to multinational businesses. Although the Muslim world in the Middle East, Africa and Asia represents a potentially large and very diverse market with increasingly wealthy and well informed consumers, access to it is becoming more complex. As Muslims become an increasingly important group politically as well as economically they are demanding a bigger say in how the world is run, often challenging businesses to provide products and to organise their activities on Muslim terms by recognizing the precepts of *Shari'ah* law and avoiding that which is *haram* or forbidden. (Al-Qaradawi 1985).

Islam has very clear prescriptions about how business should be done (Al-Qaradawi 1985, Gambling and Karim 1991, Beekun 1996, Rice 1991, Ali 2005) with special focus on the social and ethical dimensions of business practices and an emphasis on the roles and responsibilities of individuals as well as direct and indirect stakeholders (Ali, et al. 2005, Beekun and Badawi 2005).

In the past the more secular approach of western capitalism with its focus on materialism, competition, profit maximisation and shareholder primacy has appeared at odds with the Islamic approach and has raised challenges for companies wanting to do business with Muslim stakeholders. Some sectors have remained almost closed to western style products because they are not in accordance with the basic teaching of Islam, for example in financial services, where Islam prohibits products which involve the charging of interest or contain an element of uncertainty in the financial return. (Al-Qaradawi 1985)

More recently, western capitalism has begun a transition toward a model which recognises the business case for socially responsible behaviour. This transition has been widely documented and researched and is well known amongst both academics and practitioners. It opens up the prospect that differences in management styles may become less acute and less of a barrier to successful international business ventures. In turn this might lead to positive returns as the opportunities of closer integration deliver wider benefits all round (Stanley, 1990, Stiglitz, 2002, Bhagwati 2004, Wolf 2004).

Nonetheless the existing literature reveals a paradox which is that whilst Islam has clear prescriptions on ethical business practices and is characterised as having high religiosity and strict religious practices, Muslim concerns about ethical issues in business, although high, appear to be consistently and significantly lower than non-Muslims (Guiso et al 2003, Brammer et al 2005).

So whereas the western business model has begun to change to become more ethical, more stakeholder-oriented and more socially responsible, there still appears to be a divide between what this new CSR based model has to offer and what Muslim stakeholders appear to care about.

In this paper we provide further evidence for this paradox and investigate whether it can be explained by a set of factors that have been shown to influence attitudes and behaviours to CSR in other contexts. These

include demographics, the socio-political environment and the cultural environment. We find that none of these standard factors provides a satisfactory explanation for the difference between Muslim and non-Muslim stakeholders.

This leads us to conclude that either there is something inherent in the teaching and practice of Islam which is at odds with the CSR agenda or that the CSR, “message,” is not getting through to Muslims as effectively as to non-Muslims. However since it is clear that the teachings of Islam are in close accord with the precepts of CSR, as formulated by the UN Global Compact for example, (Zinkin 2005), we conclude that it is more likely that this paradox is due to the failure of western businesses to communicate credibly the relevance and importance of the CSR model to the Muslim world. This may be the result of imperfect practice by western companies exposed to the Muslim world, or because some of the leading exponents of CSR are tainted by the fact that they are providing prohibited or *haram* products or are not compliant with Islamic law, the *Shari'ah*.

2. The ethical basis of Islam in work and life

The extensive literature on Corporate Social Responsibility (CSR) has often identified organised religion as a key factor in determining stakeholder attitudes and behaviour towards business ethics (Calkins, 2000; Epstein, 2002; Weaver and Agle, 2002). Conceptual studies have led to empirical research into the relationship between religion and ethical values (Miesing and Preble, 1985; Ibrahim and Angelidis, 1993; Terpstra et al, 1993; Smith and Oakley, 1996; Angelidis and Ibrahim, 2004) and also into its impact on managerial attitudes and decision-making (Kidwell et al, 1987; Agle and Van Buren, 1999; Longenecker et al, 2004) which tends to support the idea that religious people have a wider notion of CSR than non-religious people (Rest 1986; Agle and Van Buren, 1999; Weaver and Agle, 2002; Brammer, Williams and Zinkin, 2005). Research has most often focused on the Judeo-Christian tradition and has explicitly linked the Bible and Rabbinic writings to the way these faiths expect business to be undertaken (Tamari, 1990; Stackhouse et al, 1995; Epstein, 2002; Sacks, 2004; Zinkin, 2004b). A small but growing literature has begun to investigate the influence of religious teachings in Islam on the attitudes of Muslims towards the ethical behaviour of firms, (Gambling and Karim 1991, Beekun 1996, Rice 1991, Ali 2005, Ali et al 2005, Beekun and Badawi 2005 and Zinkin 2005).

Islamic teaching on normative business ethics draws on four main bodies of text; the primary source is the Qur'an which is considered the verbatim word of Allah as revealed to the Prophet Muhammad; the second source is the *Sunnah* or *Hadith* which are a record of the words, actions and teachings of the Prophet; the final two sources are the consensus views of Islamic scholars (*Ijmaa'*) and the analytical method of deduction by analogy (*Qiyas*) which is used to provide guidance on new situations based on similar issues dealt with in the Qur'an and/or the *Hadith*, (Ati, 1995, Beekun and Badawi, 2005).

The ethical guidelines for business and other aspects of life are regulated within the *Shari'ah* or Islamic-law which has as its basis the tenets of the four textual sources and their implementation in practice through precedent. *Shari'ah* differs from secular law because of this separate ethical foundation and taken

together with the main texts provides the guidelines for things that are lawful and encouraged (*halal*) and things that are prohibited (*haram*) or discouraged (*makruh*).

2.1 Worship through action

The Qur'an establishes human beings as the *Khalifah* or trustees of God on earth and life is a test of the worth of men in the eyes of God (67:2). To be worthy of God's trust men must act ethically using the behaviour of the Prophet as a guide, this is known as the *khuluq* (68:4), which is derived from the term, *akhlaq* and refers to ethics (Siddiqui 1997, Beekun and Badawi 2005).

Any action is potentially an act of worship, or *ibadah*, for a Muslim if; (1) it has a pure intention and; (2) is within the parameters of the religious texts especially the Qur'an (21:107, 9:34, 48:28, 61:9, and 34:28). Under these conditions work, *'amal*, and other business activities can be considered acts of worship and part of the practice of the Muslim faith, *iman*, if they meet these two criteria (Al-Faruqi, 1992).

2.2 Islam and business

The aims of the Islamic system of business are therefore not primarily materialistic but are based on the concepts of human well being and achieving a good life overall. It stresses community values, socio-economic justice and a balance between the material and spiritual needs of its followers, (Ahmad, 1971, Chapra, 1992). It also draws heavily on the life of the Prophet himself and of many of his companions and contemporary followers who were actively engaged in trade and laid down the ethical foundations of Islamic business practice at the inception of the religion (al-Qaradawi 1985 pp. 136-142, Bhatia 2005).

Unlike Christianity or some eastern religions such as Buddhism, which emphasise the transience of life, Islam stresses that piety is not achieved by relinquishing worldly things but by active participation in day-to-day affairs and by resisting the temptations to evil that come from this participation, (Beekun, 1996).

The idea of active participation in the material world is part of the concept of *Tazkiyah* or growth and purification, (Gambling and Karim 1991). This means that Muslims are required to take part in worldly activities with the proviso that any material enhancement and growth should also lead to social justice and spiritual enhancement (4:29-30) “*O ye who believe! Do not consume your property among yourselves in vanity: But let there be traffic and trade by mutual good-will...If any do that in rancour and injustice soon shall We cast them into fire and easy it is for God.*”

Another key characteristic of the Islamic ethical system is that it allows no separation between the individual in public and in private life. Rice (1999) for example argues that the separation of church and state in many western societies has led to the view that religion is essentially a private matter, whereas the Islamic ethical system allows no such separation. As a result Islam influences the decision making of its followers in every situation including in business relationships. Further, this principle is universal and inclusive and applies to both followers and non-followers of the Muslim faith. So for example the prohibition of interest on loans applies to transactions between Muslims and non-Muslims as well as to those between Muslims.

2.3 Free Agency

The basic tenets of Islam have been seen by some as suggesting that Islam offers a liberal and progressive approach to business since it has at its heart the concept of free agency that is, an emphasis on free will, an absence of hierarchy and the delegation of responsibility for ethical behaviour down to the level of the individual (Ali et al 2005).

Unlike Christianity but like Judaism, Islam has no formal priesthood and although there are many Islamic scholars and *Imams* to provide guidance on interpretation of the texts, the final decision about the ethics of any action lies with the individual (Shariati 1979, Ali 2005). For example the Qur’an says, (17:15) “*Whoever receives guidance receives it for this own benefit: who goes astray does so at his own loss*”

and (17:84), *“Everyone does as he wants. Your Lord knows who has the right guidance”* This opens up a very wide set of choices for Muslims but also places the emphasis for moral choice on the individual (6:164) *“No soul earneth but against itself: and no bearer of a burden shall be the burden of another.”* The social responsibility towards the ethical behaviour of others is also stated clearly, (2:272) *“It is not required of thee to set them on the right path, but God sets on the right path whom he pleaseth.”*

However this liberal interpretation is at odds with other evidence which suggests that community enforcement and social hierarchies are more common in Muslim countries than in non-Muslim countries. Hofstede and Hofstede (2005) for example reports that Muslim countries have lower than average levels of individualism, higher power distance and high uncertainty avoidance that is, they are more deferential in hierarchies and more conservative and traditional in their outlook. This is consistent with the work of Inglehart (1997) based on the World Values Survey. This also shows that Muslims tend to hold more conservative social attitudes and tend to have higher levels of religiosity that is, they practice their religious rites more often and have stronger more intense religious beliefs, which, as in Judaism, is a consequence of the focus on orthopraxy.

This apparent contradiction can be reconciled by the observation that whilst individuals have free choice they must choose that which is *halal* and avoid that which is, even indirectly, *haram*, so that individuals who behave improperly will not only be judged by God but may be isolated from the community by those wish to avoid guilt by association. Conformity to social standards and a respect for social hierarchies is therefore a powerful secondary enforcement mechanism after the primary enforcement tariff which will be paid on the Day of Judgement, (17:13), *“Everyman’s fate We have fastened to his neck: On the Day of Judgement we shall bring out for him a scroll, which he will see spread open.”*

2.4 The general role of firms

The ethical basis for Islamic business provides a clear framework in which firms should operate. They should produce and sell only products that are *halal* and avoid any contact with the fruits of *haram* transactions – defined as being any trade which involves cheating, injustice, exorbitant profits or the promote of something that *haram* (Al-Qaradawi 1985 p141). Transactions and businesses involving usury, interest, market manipulation or elements of speculation and risk are not allowed (Al-Qaradawi 1985 pp. 260-277). All business transactions should be done within a clear and transparent ethical framework with written contracts as required by the Qur'an (2:282); corruption, deception and bribery are outlawed (Al-Qaradawi 1985 pp. 261-262, 329-332) and; direct and derivative stakeholders such as shareholders, suppliers and competitors, must be treated fairly and with respect (Beekun and Badawi 2005 pp.139-142). The basis of these rules in the religious texts of Islam provides a form of codification which is not seen in other major religions apart from Judaism.

2.5 Consumer Issues

A number of aspects of Islamic teaching provide explicit guidance on consumer issues. Prices, for example must be determined fairly and price fixing is discouraged except under special circumstances, “*Allah is the One Who fixes prices, Who withholds, Who gives lavishly, and Who provides and I hope that when I meet Him none of you will have a claim against me for any injustice with regard to blood or property.*”¹ Undercutting is not allowed (Al-Qaradawi 1985) and hoarding to take advantage of higher future prices is forbidden, “*If anyone withholds goods until the price rises, he is a sinner*”² Monopolies are also discouraged (Al-Qaradawi, 1995). Taken together this means that prices should be fair and should reflect a mutually agreed value for the product or service supplied but it does not necessarily imply that the price will be as low as possible as might be presumed within the business models of many non-Muslim societies. Guidance is also provided on quality and, as will be discussed below, weights and measures are to be strictly fair and the principle of *caveat emptor* does not apply.

2.6 The environment

The Qur'an reports that God appointed man as his vicegerent on earth that is, as the steward or trustee of the natural environment (2:30). As a consequence Muslims are expected to respect the natural environment and to protect it from abuse since it is considered to be a God-given resource available to all. Use of the natural environment is encouraged in the Qur'an (2:88, 6:99, 15:19-22, 55:10-13, 71:19, 80:24-28) and there is a recognition in the *Hadith* that proper use of environmental resources will reap rewards for example, "*If anyone plants a tree, patiently protects it and looks after it until it bears fruit, Allah the Mighty and Glorious will count it as charity for him anything for which the fruits are used*"³

The principle of analogy, *qiyaas*, allows these ideas to be extended in modern terms to the introduction of environmental protection legislation (Beekun and Badawi 2005). As a consequence environmental issues are given explicit attention in Islamic teaching and in the *Shari'ah*.

2.7 Quality Standards

In Islam, as in Judaism, the principle of *caveat emptor* is not accepted, for example a number of *Hadith* state principles such as, "*It is not permissible to sell an article without making everything about it clear, nor is it permissible for anyone who knows about its defects to refrain from mentioning it.*"⁴ As a result Muslim businesses are expected to apply high standards at all times or to reveal the exact standard that has been used to produce and supply a particular product if it is different. The issue of quality standards can be seen by analogy with Qur'anic teaching on weights and measures (6:152, 17:35, 83:1-6) for example (26:181-183) "*Give just measure and cause no loss (to others by fraud). And weigh with scales true and upright. And withhold not things justly due to men, nor do evil in the land working mischief.*"

Whilst this does not of itself imply that the same standard should be applied everywhere, it does require that full information is provided on the standards used.

2.8 Discrimination

The basic teachings of Islam encourage fair treatment in the workplace, *“Your employees are your brethren upon whom Allah has given you authority. So if one has one’s brothers under his control, one should feed them with the like of what one eats and clothe them with the like of what one wears. You should not overburden them with what they cannot bear and if you do so, help them in their job”*⁵

Discrimination against minorities or other groups is discouraged *“He who calls others to group chauvinism does not belong to us; he who fights for the sake of group chauvinism does not belong to us; and he who dies upholding group chauvinism does not belong to us.”*⁶ The basic principle of equality was stated clearly in the Prophet’s Last Sermon, *“No Arab has superiority over any non-Arab and no non-Arab has any superiority over an Arab; no dark person has superiority over a white person and no white person has any superiority over a dark person. The criterion of honour in the sight of Allah is righteousness and honest living,”* (The Prophet’s Last Sermon).

There is a recognition that other religions should be respected (109:6), *“To you be your Way and to me mine”*⁷ and even that there should be no compulsion in religion (2:256).⁸ There is special consideration for Jews and Christians who are referred to as People of the Book and the 1993 Interfaith Declaration⁹ is a practical example of the cooperation amongst the faiths in the area of business ethics.

The issue of gender equality in Islam is one that often appears unclear to non-Muslims. On the one hand the Qur’an appears to reject sexism (4:1, 7:189, 3:195, 4:124, 33:35 and 57:12) and offers gender neutral terms for the basic tenets of trusteeship, human dignity and responsibility, (Cook 2000, pp.37-41 and Beekun and Badawi 2005). However on the other hand gender inequality also appears to find some justification, (4:34) *“Men are the managers of the affairs of women for that God has preferred one of them over another and for they have expended of their property.”*^{10,11}

It is often not appreciated that in Islam, women have had equal rights to men since the time of the Prophet when every woman who fled Mecca for Medina was granted full citizenship as a *Sahabiyat*, the female equivalent of a Companion of the Prophet. They could attend the councils of the *Umma*, speak freely to the Prophet, dispute with men, fight for their happiness and be involved in military and political affairs (Mernissi, 1991).¹² Islam recognizes separate but complementary work done by men and women, and for example, domestic work, unlike in the West, is celebrated and valorized financially. Marriage and motherhood are remunerated and the economic independence of women is enshrined in the faith. Married women are not the chattels of their husbands since marriage was treated as a contract between consenting partners.¹³ Goods are separated and women's wealth is their own not merged with that of the household.

However it is recognized that normative teaching on gender equality is often inconsistent with the practice in many Muslim countries where women often suffer demonstrable inequality (UNDP 2002). There is debate about the cause of this, for example Beekun and Badawi (2005) claim it is more likely to be due to cultural bias rather than religious teachings. For example, the poor record of many Islamic countries in providing access to education for women is mostly not a result of religion, but often of tribal, patriarchal customs. In Iran and Malaysia for example there are more women at university than men (Afshar, 2004).¹⁴ Hofstede (2005) by contrast claims inequality is more likely to be due to religious teachings as we discuss further below. The issue of sexual orientation is even more contentious.¹⁵

2.9 Punishing unethical behaviour

The concepts of worship through action and the lack of separation between public and private ethics mean that Muslims should avoid contact with activities that are prohibited in Islam (*haram*) and should choose only activities that are lawful (*halal*). This means that they should be more active in punishing businesses that are engaged in unethical behaviour even if there is a strong benefit to them in material terms, for example they should choose *halal* products and businesses even if the price is higher or the investment return is lower.

3. Theoretical Framework

Our theoretical framework draws on the Carroll (1979), “Organisational Social Performance Model,” which provides a three dimensional taxonomy of CSR into; (1) *The Social Responsibility Categories* – the economic, legal, ethical and discretionary responsibilities of firms, (2) *The Philosophy of Social Responsibility* – which directs how firms respond to their social responsibilities and is often classified as *reactive, defensive, accommodating or proactive* and; (3) *The Social Issues Set* – which contains the priority areas on which firms must focus which Carroll identifies as *consumer issues, environmental issues, discrimination, product and occupational health and safety* and *shareholder issues*.

This model has been widely applied and extended in the CSR literature, for example by recognising the developing influence of stakeholders on the set of issues that firms must take into account (Freeman 1984, 1994). As the relative importance of stakeholders changes over time, firms have to respond to demands not just from stockholders but also from others including *inter alia* employees, customers, suppliers, lenders, the communities in which they operate and society at large.

To provide focus for the present study we look at the *Social Issues Set* in the context of consumer stakeholders only, leaving the potentially fruitful analysis of other stakeholder issues for future research. In order to provide further focus for our analysis we limit this set to one behavioural and five attitudinal dimensions. The attitudes are taken as; (1) *The Role of Firms* – general attitudes toward the role of firms in society; (2) *Consumer Issues* – attitudes towards quality and prices; (3) *Environmental Issues* – attitudes toward the role of firms in protecting the environment; (4) *Quality Standards* – attitudes towards the quality standards firms apply in different countries and; (5) *Discrimination* – attitudes towards the equal treatment of employees and job applicants on the grounds of gender, race, religion or sexual orientation. The behavioural dimension is; (6) *Punishing Poor CSR* – the willingness of consumers to regulate poor behaviour on the part of firms by changing their buying patterns;

Our theoretical framework extends this approach to draw on recent literature which shows that the context also matters (Moon 2003, Chambers et al 2003, Maignon and Ralston 2002, Maignan and Ferrell, 2000, 2001, Maignan, Ferrell and Hult, 2000, McWilliams and Siegel 2002, Egri et al, 2004, Zinkin, 2004a).

First, we draw on the extensive literature which investigates the influence of demographics on stakeholder attitudes and behaviour towards CSR issues (see O'Fallon and Butterfield 2005, Ford and Richardson, 1994 and Loe et al., 2000 for surveys). Second we look at the influence of culture, drawing on the well known Hofstede framework and recent conceptual and empirical studies that connect the Hofstede dimensions to CSR (Hofstede 1980, 2005, Katz et. al. 2002 and Williams and Zinkin 2005a). Third we look at the socio-political environment which has also been shown to have an influence on stakeholder reactions to CSR issues, (Matten and Crane 2003, Williams and Zinkin 2005b).

We develop a number of directional hypotheses based on this literature with a view to investigating whether the attitudes and behaviour of Muslims to CSR issues are influenced more by the teachings of Islam than by other factors in their environment. We then test these hypotheses empirically.

4. Statistical Methodology and Data

In order to evaluate our propositions we used data from an extensive survey of stakeholder attitudes to CSR, which is published annually by GlobeScan Ltd and first appeared as the *Environics Millennium Poll* in 2000. In each year the survey gathers responses on around thirty-five separate questions on CSR from a representative sample of about 1000 respondents in each of a wide selection of countries around the world. We used the 2003 cohort which was the first year in which the religious background of respondents was recorded. In total we had 19,996 usable observations available across twenty-one countries, from which we took the responses for a series of questions related to the CSR dimensions outlined in Section 3. Demographic data come from the survey, data on cultural differences come from Hofstede and Hofstede (2005) and the socio-political measures come from a range of sources in the public domain. Summary statistics for the cultural and socio-political measures are shown in Table 1 and the religious distribution of our sample is shown in Table 2.

The questions drawn from the survey were as follows: -

- (1) The role of firms – we use those choosing option two from the following question:-

People have different views on the role of large companies in society. In your view, should large companies ...?

- 1. Focus on making profit, paying taxes and providing employment in ways that obey all laws;*
- 2. Do all this in ways that set higher ethical standards, going beyond what is required by law and actively helping build a better society for all;*
- 3. Operate somewhere in between these two points of view.*

Attitudes to specific issues – we use all those choosing 4 and 5 for the following question:-

I am now going to read a list of things some people say should be part of the responsibilities of large companies. For each one, please tell me to what extent you think companies should be held responsible. In answering, please use a scale of 1 to 5, where 1 is “not held responsible,” 3 is “held partially responsible” and 5 is “held completely responsible.” Remember, the higher the number, the more responsible. What about . . . ?

- (2) *Providing good quality products and services at the lowest possible price (Consumer Issues)*
- (3) *Ensuring its products and operations **do not harm** the environment (Environmental Issues)*
- (4) *Applying the same high standards everywhere it operates in the world (Quality Standards)*
- (5) *Treating all employees and job applicants fairly, regardless of gender, race, religion or sexual orientation (Discrimination)*
- (6) Punishment behaviour – we use those choosing option three from the following question:-
In the past year, have you considered punishing a company you see as NOT socially responsible by either refusing to buy their products or speaking critically about the company to others? Would you say ... ?
 1. *Not considered doing this;*
 2. *Considered this but didn't actually do it;*
 3. *You have actually done this in the past year.*

We test a set of general hypotheses about the regularities that distinguish Muslims from non-Muslim consumer stakeholders using standard tests of the differences in responses to questions on CSR between three groups of respondents, those who are Muslims, those who identify with Other Religions and finally those who hold no religious affiliation.

To investigate the influence of context, we test a set of more specific hypotheses using standard $\chi^2(df)$ tests of association between the responses of members of each group, their demographic characteristics and the cultural and socio-political environment in which they live and work, where *df* are the degrees of freedom (see for example Newbold, 1995, p.415-19). The direction of any association is then tested using standard t-tests.

5. General Hypotheses

The discussion in Section 2 on the teachings of Islam on business practices leads us to propose the following general hypotheses: -

H₁: Muslims will be more likely than other groups to expect high ethical standards from firms

H₂: Muslims will be more likely than other groups to expect firms to provide good quality products at low prices

H₃: Muslims will be more concerned than other groups about the environment

H₄: Muslims will be more likely than other groups to expect firms to apply the same high standards in production wherever they operate in the world

H₅: Muslims will be more likely than other groups to expect firms to treat employees and job applicants equally

H₆: Muslims will be more likely than other groups to punish firms for poor CSR

5.1 Results on the General Hypotheses

The test results for the general hypotheses are presented in Table 3 and show that although the Muslim respondents show a high level of concern for CSR issues their responses are significantly lower than the other groups in most cases. All of our general hypotheses are rejected.

For Hypothesis 1, a significantly lower proportion of Muslims expect firms to set higher than normal ethical standards than people in the other groups, 29% compared to 35% and 36%. There is a significant difference between non-religious respondents and religious respondents overall. Hypothesis 2 on consumer issues is rejected, the Muslim response is significantly lower than that from people of other religions but is the same as that from those with no religious affiliation. Hypothesis 3 is rejected, Muslims appear less likely to demand high environmental standards of firms than respondents from the other groups. Hypothesis 4 on quality standards is rejected, the Muslim response is significantly lower than that

from people of other religions but is the same as that from those with no religious affiliation. People of other religious denominations are also significantly more likely to expect consistent quality standards from firms operating in different countries than those of no religion. Hypothesis 5 on discrimination is rejected. The proportion of Muslims who say that firms should treat employees equally is significantly lower than amongst respondents from other religions and is also lower at the 90% confidence level than the response of the non-religious group. Finally, the behavioural hypothesis, Hypothesis 6, is also rejected, only 14% of Muslims had punished firms in the last year, compared to 25% of people of other religions and 28% of those of no religion.

These results are consistent with other studies which show that Muslim attitudes to economic and business issues are significantly different to those of non-Muslims (Guiso et al 2003, Brammer et. al 2005). We next turn to the contextual hypotheses to examine whether these regularities are associated with the religious denomination of the respondents or whether they are associated with the social and economic environment in which they live and work.

6. Contextual Hypotheses

6.1 Muslim and non-Muslim Countries

We begin our analysis of contextual issues by looking at the difference between the responses for Muslims in countries which are predominantly or significantly Muslim and those for Muslims living in non-Muslim countries. The influence of Islam in Muslim countries will be greater than in non-Muslim countries so attitudes will be more in line with the teachings of Islam and the laws and regulations in these environments will be based on these teachings or on the *Shari'ah*. In non-Muslim countries, Muslim respondents will be more exposed to the different social norms of the country in which they live which should reduce the influence of Islamic teaching on CSR. This provides us with two additional general hypotheses:-

H₇: Muslims in Islamic countries will have more concern for CSR

H₈: Muslims in Islamic countries will punish poor CSR less often (because it will happen less often)

Hypothesis 8 follows from the observation that in Muslim countries firms will be more likely to abide by Muslim ethical standards which are likely to be in accordance with the views of Muslim stakeholders. In non-Muslim countries there is greater scope for conflict between the ethical views of Muslims and non-Muslims and so greater likelihood that Muslims will recognise and punish what they perceive as unethical behaviour on the part of firms.

6.2 Results on Muslim and non-Muslim countries

The results on the Muslim and non-Muslim countries are presented in Table 4. They show that across four of the five attitudinal questions Muslims in Islamic countries are less concerned about CSR issues than Muslims in non-Muslim countries. For the fifth, on discrimination, there is no difference between the Muslim respondents. Hypothesis 7 is therefore rejected for the attitude dimensions. The responses for the

other two groups are either higher in non-Muslim countries or are the same, which is consistent with the general hypotheses in Section 5.

On the behavioural hypothesis, there is less punishment amongst Muslims in Muslim countries than for those in non-Muslim countries, so Hypothesis 8 is not rejected. This is true for the other groups as well and may be because companies in Muslim countries behave more ethically or that there are fewer alternatives in Muslim countries making consumption switching more difficult. It is of course also consistent with the view that *all* respondents in Muslim countries are less concerned about CSR than those in non-Muslim countries which we investigate further in the following sections.

6.3 Demographics

There is an extensive literature on the influence of demographics on ethical decision making and our hypotheses are drawn in part from a comprehensive survey provided in O'Fallon and Butterfield (2005), which draws on and extends earlier surveys by Ford and Richardson (1994) and Loe et al (2000).

O'Fallon and Butterfield (2005) find, unlike in previous reviews, that there appears to be no clear relationship between age and ethical decision patterns. Of thirty-seven studies they mention, fourteen find no significant relationship, ten find a positive relationship and six find a negative relationship, the remainder find mixed results. To provide a falsifiable, directional hypothesis we test for a positive relationship between age and ethical decision making but expect no relationship on the basis of the evidence of other studies. For gender, using thirty-seven studies on attitudes and nine on behaviour, O'Fallon and Butterfield (2005) conclude that most studies find no general relationship, but where a relationship is found women tend to be more ethical than men. There is stronger evidence for the influence of education and from twenty-nine studies of attitudes and eight of behaviour, it appears that greater educational attainment is positively associated with more ethical behaviour, although the type of education does not appear to be important, (O'Fallon and Butterfield 2005).

Our hypothesis on income levels draws on the observation that higher incomes allow consumers to consider more than just price in consumption decisions (Mohr et. al 2001, Williams and Zinkin 2005b). If alternative products or services are available but are more expensive than income constrained consumers may prioritise price over ethics, especially if there are also switching, transactions or other sunk costs associated with the change in buying pattern. We would therefore expect that where incomes are lower, concerns about CSR and the incidence of punishment will be lower

Access to information about the social performance of companies has been suggested as a key element in stakeholder recognition of CSR and their subsequent behaviour towards firms (Mohr et al 2001, Crane and Livesey 2002). A number of media are used by firms to publicise their CSR performance (Zeghal and Ahmed 1990) amongst which the Internet is of increasing importance (Esrock and Leichty 1998, Williams and Ho 1999, Coupland 2003, Coupland and Brown 2004, Chambers et al 2005). The web gives better and freer exchange of information from international sources and in addition offers greater scope for consumers to change their behaviour by allowing access to alternative web-based suppliers at low transactions costs. By contrast, where the media is regulated and censored, poor CSR may go unreported and so consumer recognition and their propensity to punish will be lower. Given these observations, we expect a positive relationship between web access and CSR attitudes and behaviour so that our full set of demographic hypotheses becomes: -

H₉: Concerns about CSR and punishment of poor CSR will rise with age

H₁₀: Concerns about CSR and punishment of poor CSR will rise with income

H₁₁: Concerns about CSR and punishment of poor CSR will rise with educational attainment

H₁₂: Concerns about CSR and punishment of poor CSR will be higher amongst women than amongst men

H₁₃: Concerns about CSR and punishment of poor CSR will be higher amongst internet users

On the basis of the results in Sections 5 and 6 we expect that Muslim responses will be lower overall but we hold no specific priors on whether Muslims will differ from non-Muslims when it comes to the direction of any effect from demographic factors. For example, we would expect that any influence of income on CSR attitudes and punishment behaviour would be in the same direction for Muslims as for non-Muslims.

Our hypotheses on demographics are therefore drawn from the regularities found in the literature on the general population. We take rejection of the general hypotheses for the Muslim group as evidence that other influences are more important, the obvious being religious teachings but alternatives including culture and the socio-political environment, which we test in the sections below, might also be important.

6.4 Results on Demographics

The results on demographics are shown in Table 5, in general there is either no effect of demographics on Muslim respondents or the direction of the effect is the same as for non-Muslims. For age groups we find that there is no effect on attitudes about the general role of firms or the environment but concern is higher amongst older people for consumer issues, quality standards and discrimination, consistent with Hypothesis 9. However this is mostly the same for the other two groups as well and so age does not appear to be a distinguishing factor between Muslim and non-Muslim responses. Income groups only appear to influence consumer issues amongst Muslims with higher income groups showing more concern for quality. All of the other attitudes are not affected, so Hypothesis 10 is rejected. There is more variation amongst the other groups but for consumer issues the direction is the same and so does not distinguish between the groups. Education levels have no effect on consumer issues or the environment and only a minor effect on quality standards but there is an effect on general attitudes to the role of firms and to discrimination issues where more highly educated respondents show greater concern in both cases. Gender only affects consumer issues and quality issues where men show greater concern than women. Perhaps surprisingly, Muslim women appear no more concerned about equal treatment in the workplace

than men. For internet use the picture is slightly different, whilst general attitudes are not affected by internet use the specific attitudes are and in each case internet users show more concern for CSR issues and this is not generally true for the other groups. So Hypothesis 13 is not rejected and does appear to provide a discriminating factor.

When it comes to the behavioural dimension, all demographics affect the propensity to punish for all groups and the direction of the effect is also the same. Only age groups show no difference although in each case middle age respondents have a higher propensity to punish than those at either end of the age scale. This is consistent with Hypotheses 10-13 but does not distinguish between Muslims and non-Muslims generally.

6.5 Cultural Dimensions

Our hypotheses on cultural issues are motivated by a range of studies that attempted to explain differences in views on CSR in terms of culture, drawing on the literature on the impact of cultural determinants on societal values (Hofstede, 1980, Hofstede and Hofstede 2005; Hamdpen-Turner and Trompenaars, 1993, 2000; Schwartz, 1994; Smith, Dugan and Trompenaars, 1996; Sen, 1999). To provide focus we use the Hofstede framework (Hofstede 1980, Hofstede and Hofstede 2005) which defines culture along five separate dimensions each measured by a numerical index; (1) Power Distance (PDI); (2) Individuality (INV); (3) Uncertainty Avoidance (UAI); (4) Masculinity (MAS) and; (5) Long-term Orientation (LTO). The distribution of Muslims across these dimensions is shown in Table 1 for both our sample and the global sample from Hofstede.

The Hofstede analysis for Muslim countries demonstrates that Islam plays a significant role in peoples' lives.¹⁶ Muslim countries tend to have high power distance (77 compared to world average of 55), low individualism (25/43), and are lower on uncertainty avoidance (59/64). Taken together this would suggest that Muslim societies tend to be more deferential in hierarchies, more communal and more conservative

or traditional in social outlook and translates into collectivist societies in which close long-term commitment and loyalty to the, “member group,” for example, a family, extended family, or wider community is paramount, and over-rides most other societal rules. This is particularly true of Arab countries which in addition to high power distance (80) and low individualism (38) have a high uncertainty avoidance measure (68/64). These societies are more traditional in general.

Interestingly the masculinity index for Muslim countries is also lower than the world average (47/50) and for Arab countries it is about the same (52/50). Hofstede suggests that this implies that gender inequality in these countries may be due to religious restrictions on the roles and activities of women in business and society rather than because their actual influence in Muslim communities is limited in practice.

If the teachings of Islam are more important than the wider cultural environment in which Muslims live we would expect attitudes amongst Muslims to be relatively invariant between countries with different cultural measures along the Hofstede dimensions. If the wider environment is more influential than the religious teaching we would expect attitudes amongst Muslims to vary with the Hofstede dimensions. These observations give us the following hypothesis set: -

H₁₄: Muslims in high Power Distance countries will have lower CSR concerns and will punish less

H₁₅: Muslims in low Individuality countries will have higher CSR concerns and will punish more

H₁₆: Muslims in high Uncertainty Avoidance countries will have lower CSR concerns and will punish less

H₁₇: Muslims in high Masculinity Index countries will have lower CSR concerns and will punish less

H₁₈: Muslims in high LTO countries will have lower CSR concerns and will punish less

We take rejection of these hypotheses to indicate that the teachings of Islam and their enforcement within Muslim communities are more important than the wider cultural environment in which Muslims live and work.

6.6 Results for Cultural Context

The results shown in Table 6 suggest that there is generally less variation in Muslim responses to the CSR issues across the five cultural dimensions than for the non-Muslim groups. In two cases, INV and LTO, there is no evidence of a significant influence on Muslim attitudes and what variation there is across the other three dimensions appears to be very similar for Muslim responses. By contrast non-Muslims show much greater variation in their responses when viewed from different cultural perspectives.

Looking first across the table, a number of clear results emerge. Amongst the Muslim respondents, concern about CSR issues falls in each case as Power Distance rises, whereas for non-Muslims the responses differ for different PDI levels. The same is true for Uncertainty Avoidance. These two dimensions are linked in the Hofstede framework since societies with high PDI and high UAI are associated with strong rule orientated cultures in which laws, regulations and social conventions reduce the level of uncertainty but also tend to enforce inequalities in the distribution of power and wealth. We expect these to be religious rules and conventions in Muslim countries but even in non-Muslim countries community conventions and religious teaching in Mosques and community centres will influence attitudes and it is likely that religion has a bigger impact than background culture in these environments.

The level of individualism within the societies in which Muslims live and work is not associated with their attitudes to CSR in five out of the six issues. Muslims are more likely to punish poor CSR in societies with high individualism levels but this is also true of non-Muslims and overall Muslims are less likely to punish than either of the other two groups. The long-term orientation index appears to have no influence at all on Muslim respondents but does have some influence on non-Muslims where concern for CSR issues rises at time horizons shorten. For the masculinity index, there appears to be no effect on consumer issues but it does have an effect across the other four attitudes

Looking down the columns one feature stands out amongst the others. Muslim attitudes to equal treatment in the workplace appear to be invariant to cultural context, unlike that for non-Muslims. We interpret this as suggesting that issues of acceptable and unacceptable discrimination may be more associated with religious teaching than with wider social norms. There is some difference for less masculine oriented societies where equality of treatment is considered more important and is significant at the 90% confidence level. Nonetheless the proportion of Muslims who do care about equal treatment is generally high overall, albeit lower than non-Muslims.

Results on the effect of power distance and uncertainty avoidance, the absence of an effect on attitudes to discrimination and no effect of individualism and long-term orientation suggest that Muslim attitudes are more likely to be determined by religious teaching and by community re-enforcement than by the attitudes and cultures of the wider societies in which they live and work.

6.7 Hypotheses on Socio-Political Factors

In order to measure economic freedom we use an index compiled by the Heritage Foundation,¹⁷ which includes factors such as regulation of goods and services, financial system freedom, the type and extent of property rights and so on. In Islamic countries these will be relatively restricted and will be conducted within the tenets of the teachings of Islam and the *Shar'iah*. We expect therefore that in countries with higher economic freedom Muslims will observe business behaviour which is not regulated by Islamic laws and so may be considered less ethical from a Muslim perspective.

The ongoing debate about the impact of globalisation (Stanley, 1990, Stiglitz, 2002, Bhagwati 2004, Wolf 2004) suggests on one side that it leads to poorer CSR if multinationals seek to exploit lower standards and weaker government regulation in less developed economies and on the other that, foreign direct investment (FDI) transfers higher global standards across countries and is associated with modernisation and better use of capital. Muslim countries have been big recipients of FDI but have also

been able to manage it on their own terms through joint-ventures or dominant local ownership. As a result the ethical dimensions are regulated relatively effectively and so we expect that in general Muslims in more open economies will see more of the benefits and less of the costs of globalisation.

Attitudes toward CSR are very closely linked to the concept of, “citizenship” (Matten and Crane 2005) which in most modern, liberal societies is defined as the set of individual rights (Faulks 2000, p55-82) in the realms of civil, social and political rights (Marshall 1965). Greater civil and political freedoms allow the development of private means of regulation or of opportunities to influence government regulation regimes, particularly in the areas of human rights and environmental abuses. This in turn increases the power of stakeholders, especially consumers, and leads to a more developed and active role for, “civil society,” in the regulation and governance of business activity (Donaldson and Preston 1995, Ronit and Schneider 1999, Scherer and Smid 2000, Hertz 2001). We expect that Muslims in countries with good records on civil and political liberties will be more concerned about CSR overall.

Our hypothesis on press freedom draws on similar observations to those on internet use above. Traditional media provide a mechanism by which CSR can be both reported and scrutinised by investigative journalists but where the media is regulated and censored, poor CSR may go unreported and so consumer recognition and therefore their attitudes will be affected. Given these observations, we expect that Muslims on countries with a free press will be likely to have more concerns about CSR than those in countries with a restricted or regulated press.

Islamic teachings on corruption are very strict and there is empirical evidence which suggests that there is a significant relationship between the level of corruption in a society and corporate values, (Jain, 2001a,b, Lee and Ng 2002). We would expect that in societies with high levels of corruption Muslims will be much more concerned than other groups about the influence this might have on the behaviour of

managers and would be more likely to punish firms associated with these practices because they are *haram*. These considerations give us our hypotheses on socio-political factors as follows: -

H₁₉: Muslims will be more concerned and will punish more in countries with high Economic Freedom

H₂₀: Muslims will be less concerned and will punish less in countries with high FDI levels

H₂₁: Muslims will be more concerned and will punish more in countries with good Civil and Political Liberties

H₂₂: Muslims will be more concerned and will punish more in countries with good Press Freedom

H₂₃: Muslims will be more concerned and will punish more in countries with high Corruption levels

6.8 Results for Socio-Political Factors

The results for socio-political factors are presented in Table 7, these show that in almost all cases they have no effect on attitudes in the specific CSR issues set but do have an effect in two cases in attitudes towards the general role of firms and punishment behaviour amongst the Muslim group. These are in the case of economic freedom and corruption. Consistent with Hypothesis 19, Muslims are more concerned about CSR issues where economic freedom is high whilst the reverse is true for the other two groups. Hypothesis 23 is rejected since Muslims in high corruption countries have less concern about the general ethics of firms than in low corruption countries. Nonetheless this does distinguish them from the other groups where the direction is reversed. The only other influence appears in the effect of economic openness on attitudes to consumer issues and quality standards where greater openness is associated with less concern about these issues for the Muslim respondents but more concern amongst non-Muslim respondents. This is consistent with Hypothesis 20. In terms of behaviour, each of the socio-political factors has a significant influence on Muslim responses on punishment but there is also a significant effect for each of the other two groups and the direction is the same in each case. So although these results are consistent with Hypotheses 19-23, they do not appear to distinguish between Muslims and non-Muslims.

7. Discussion and Conclusions

The process of globalisation involves more than simply doing business in different countries. It involves wider concepts about how comfortably conventional business philosophies and practices can be transposed into different cultures.

Our analysis shows that there are significant differences between the attitudes and expectations of Muslims and the evolving conventions in western companies towards the social responsibilities of firms. We find that, in apparent contradiction to most of the teachings of Islam, Muslims are less likely to expect the same level of CSR as non-Muslims. There is a possible explanation, however, in the emphasis placed on free agency and the role of the individual in Islam. It may be that the importance placed on individual responsibility militates against the concept of corporate responsibility. Support for this point of view comes from a speech given by Lord Bhatia, Chairman of the Forbes Trust at a conference on CSR in Singapore¹⁸ when he argued that “Islam does not allow a corporate entity to detach itself from the individual. There is no limited liability, only unlimited liability in Islam. Under Islam taxes should be collected from individuals, instead of businesses.” As a result the importance of individual responsibility replaces corporate responsibility and it might be that Muslims do not look to companies to act in a responsible way but rather to the individuals who make up the company.

Even so, we would argue that there is fundamental convergence between the principles of Islam and the changing social agenda of western businesses, especially when the UN Global Compact is used as the frame of reference (Zinkin 2005). We believe it is important that this congruence be emphasized so that debates about the imposition of Western values on Islamic countries are exposed for their lack of substance. As far as business is concerned, we find that Islam addresses all the issues that matter to modern socially responsible corporations and predates these concerns by some 1,400 years.

It is also possible that there is misunderstanding about CSR because the way in which it has been practised by some multinationals may provoke scepticism. For Muslims it is not possible for a company that benefits directly or indirectly from activities that are *haram* or non-*Shari'ah* compliant to be viewed as socially responsible. After all if civil society in the West is suspicious about CSR, Muslims with their higher standards of business ethics can only be expected to follow suit.

This suggests that there is a fruitful area of future research in trying to uncover and understand what causes this misapprehension and how best to overcome it. Such work is essential if we are to successfully find bridges between Islam and the West. Given the essential congruence between the views of socially responsible business practitioners and the precepts of Islam, we believe that a better understanding of CSR and how it reflects Islamic principles would provide an important bridge between civilisations.

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Table 1: Hofstede Cultural Dimensions Indices and Socio-Political Indices

	<u>PDI</u>	<u>INV</u>	<u>MAS</u>	<u>UAI</u>	<u>LTO</u>	<u>EFI</u>	<u>Openness</u>	<u>Civil & Political Liberties</u>	<u>Press Freedom</u>	<u>Corruption</u>
<u>Sample Statistics</u>										
Muslim Countries	75	27	48	64	16	3.3	26.7	3.8	56.3	2.2
Maximum	80	38	53	85	16	3.6	49.0	5.0	61.0	3.2
Minimum	66	14	45	48	16	2.9	9.5	3.0	53.0	1.6
non-Muslim Countries	56	58	55	65	47	2.5	27.7	1.9	28.2	6.2
Maximum	93	91	95	95	118	3.9	75.4	7.0	80.0	9.0
Minimum	35	18	14	30	19	1.8	2.0	1.0	14.0	2.7
Average	60	52	53	65	45	2.6	27.5	2.2	33.5	5.6
Maximum	93	91	95	95	118	3.9	75.4	7.0	80.0	9.0
Minimum	35	14	14	30	16	1.8	2.0	1.0	14.0	1.6
<u>World Statistics</u>										
All Muslim Countries	77	25	47	59	14	3.4	28.5	4.9	66.6	3.3
Maximum	104	38	52	85	25	4.0	161.3	7.0	80.0	6.3
Minimum	55	14	41	36	0	2.8	-17.6	3.0	53.0	1.4
All non-Muslim Countries	54	46	51	66	52	2.6	44.6	1.9	30.0	4.6
Maximum	95	91	95	112	114	3.7	478.3	7.0	80.0	9.7
Minimum	11	6	5	8	19	1.9	-81.1	1.0	8.0	1.5
World Average	55	43	50	64	45	2.8	41.5	2.4	36.6	4.2
Maximum	104	91	95	112	114	4.0	478.3	7.0	80.0	9.7
Minimum	11	6	5	8	0	1.9	-81.1	1.0	8.0	1.4

Sources: EFI: Economic Freedom Index, www.heritage.org index scale (1) Free to (5) Not Free average of ten criteria; Openness: WTO www.wto.org FDI as % GDP; Civil & Political Liberties: www.FreedomHouse.org index scale (1) Free to (10) Not Free; Press Freedom: www.FreedomHouse.org index (1) Free to (100) not Free; Corruption: Transparency International scale (1) Corrupt to (10) Not Corrupt. Hofstede Indices:

http://geert-hofstede.com/hofstede_resources/geert_hofstede_table_1.htm and

http://www.geert-hofstede.com/hofstede_resources/hofstede_religion_1.shtml

**Table 2: Percentage Distribution of Respondents by Religion
(GlobeScan CSR Monitor 2003)**

	<u>Muslim</u>	<u>Other</u>	<u>None</u>	<u>Number</u>	<u>Dominant Religion^a</u>
<u>Non-Muslim Countries</u>					
Australia	0.4	65.8	33.8	950	Other Christian
Canada	0.9	88.2	10.9	774	Roman Catholic
China	0.0	0.0	100	1,870	Secular
Chile	0.0	77.8	22.2	974	Roman Catholic
France	1.6	71.5	26.8	987	Roman Catholic
Germany	2.1	74.6	23.3	983	Other Christian
India	1.4	98.2	0.4	980	Hindu
Italy	0.2	91.5	8.3	998	Roman Catholic
Japan	0.0	45.7	54.3	698	Buddhist
Mexico	0.2	92.7	7.0	993	Roman Catholic
Netherlands	0.4	54.5	45.1	974	Roman Catholic
Russia	4.0	78.0	24.2	1,069	Russian Orthodox
South Africa	4.5	93.6	1.9	1,000	Other Christian
South Korea	0.1	61.9	37.9	701	Buddhist
Spain	0.6	77.4	22.0	717	Roman Catholic
Great Britain	1.7	80.9	17.4	827	Other Christian
USA	0.4	95.2	4.4	777	Other Christian
<u>Muslim Countries</u>					
Indonesia	93.4	6.6	0.0	1,015	Muslim
Nigeria ^b	47.1	52.8	0.1	981	Muslim
Qatar	75.1	24.9	0.0	530	Muslim
Turkey	98.5	0.3	1.2	1,198	Muslim
All - Number	3168	12040	2985	19,996	
All - Percentage	15.8%	60.2%	14.9%	100.0%	

Notes: a: Dominant religion taken from the CIA World Fact Book, b: The dominant religion in Nigeria is Islam but Christians make up a significant minority of above 45%

**Table 3: General Hypotheses
(Numbers agreeing with the proposition in each case)**

	<u>Number</u>	<u>Total</u>		<u>Difference vs Muslims</u>		<u>Difference Others vs None</u>	
<u>Role of Companies: Companies should set high ethical standards</u>							
Muslims	895	3064	29.2%				
Other	4097	11631	35.2%	-6.254	[0.000]		
None	2018	5595	36.1%	-6.458	[0.000]	-1.083	[0.139]
All	7010	20290	34.5%				
<u>Consumer Issues: Companies should provide best quality products at low prices</u>							
Muslims	1173	1709	68.6%				
Other	4774	6323	75.5%	-5.744	[0.000]		
None	2187	3177	68.8%	-0.145	[0.442]	-6.924	[0.000]
All	8134	11209	72.6%				
<u>Environment: Ensure that products and operations do not harm the environment</u>							
Muslims	1249	1771	70.5%				
Other	5238	6356	82.4%	-11.021	[0.000]		
None	2484	3183	78.0%	-5.882	[0.000]	-5.126	[0.000]
All	8971	11310	79.3%				
<u>Quality Standards: Companies should apply the same high standards everywhere</u>							
Muslims	1148	1695	67.7%				
Other	4536	6131	74.0%	-5.113	[0.000]		
None	2022	3107	65.1%	1.853	[0.968]	-8.911	[0.000]
All	7706	10933	70.5%				
<u>Discrimination: Companies should treat all employees and job applicants equally</u>							
Muslims	1222	1728	70.7%				
Other	5054	6255	80.8%	-9.048	[0.000]		
None	2299	3168	72.6%	-1.378	[0.084]	-9.115	[0.000]
All	8575	11151	76.9%				
<u>Punish Poor CSR: Number that have punished poor CSR in the last year</u>							
Muslims	394	2863	13.8%				
Other	2840	11602	24.5%	-12.326	[0.000]		
None	1550	5567	27.8%	-14.535	[0.000]	-4.730	[0.000]
All	4784	20032	23.9%				

The test of differences is a Z-test of proportions, probability values in brackets

**Table 4: Contextual Hypotheses: Muslim and non-Muslim Countries
(Percentage responses in each case)**

	<u>Muslim Countries</u>	<u>non-Muslim Countries</u>	<u>Z Test</u>	<u>Probability</u>	<u>$\chi^2(n)$ Test</u>
<u>Role of Companies: Companies should set high ethical standards</u>					
Muslims	28.9%	33.3%	-1.226	[0.110]	4581.9
Other	39.7%	34.9%	-2.623	[0.004]	[0.000]
None	18.2%	36.2%	-2.145	[0.016]	
All	31.0%	35.3%	-4.997	[0.000]	
<u>Consumer Issues: Companies should provide best quality products at low prices</u>					
Muslims	68.3%	75.6%	-1.421	[0.078]	5115.9
Other	75.8%	75.5%	-0.160	[0.437]	[0.000]
None	55.6%	68.9%	0.860	[0.805]	
All	69.8%	73.2%	-3.107	[0.001]	
<u>Environment: Ensure that products and operations do not harm the environment</u>					
Muslims	70.0%	79.1%	-1.854	[0.032]	5734.5
Other	81.3%	82.5%	-0.613	[0.270]	[0.000]
None	64.3%	78.1%	-1.762	[0.039]	
All	72.2%	81.0%	-9.024	[0.000]	
<u>Quality Standards: Companies should apply the same high standards everywhere</u>					
Muslims	67.3%	75.9%	-1.630	[0.052]	4730.3
Other	76.6%	73.8%	-1.293	[0.098]	[0.000]
None	62.5%	65.1%	0.152	[0.560]	
All	69.3%	70.8%	-1.343	[0.090]	
<u>Discrimination: Companies should treat all employees and job applicants equally</u>					
Muslims	70.6%	72.9%	-0.459	[0.323]	5431.3
Other	78.6%	81.0%	-1.175	[0.120]	[0.000]
None	77.8%	72.5%	-0.352	[0.362]	
All	72.3%	78.0%	-5.519	[0.000]	
<u>Punish Poor CSR: Number that have punished poor CSR in the last year</u>					
Muslims	13.5%	18.0%	-1.675	[0.047]	3797.1
Other	12.1%	25.2%	-7.771	[0.000]	[0.000]
None	23.3%	27.9%	-0.551	[0.291]	
All	13.3%	26.0%	-15.907	[0.000]	

The test of differences is a Z-test of proportions, probability values in brackets

Table 5: Contextual Hypotheses – Demographics

	Role of Firms			Consumer Issues			Environment			Quality Standards			Discrimination			Punish Poor CSR		
	Muslims	Other	None	Muslims	Other	None	Muslims	Other	None	Muslims	Other	None	Muslims	Other	None	Muslims	Other	None
Age Groups																		
18-24	28.8%	35.8%	31.6%	67.7%	70.9%	62.1%	73.4%	77.6%	76.6%	67.0%	69.6%	60.1%	68.3%	77.8%	73.5%	10.7%	20.0%	25.9%
24-34	30.9%	36.7%	35.3%	68.1%	73.4%	66.9%	72.3%	81.4%	77.9%	67.7%	72.4%	62.2%	69.2%	80.1%	76.6%	15.1%	24.9%	29.3%
35-44	29.2%	35.9%	35.8%	68.7%	74.7%	67.1%	64.3%	81.6%	76.6%	64.3%	73.6%	65.2%	71.3%	81.5%	71.7%	17.5%	26.0%	27.5%
45-54	26.6%	32.1%	33.1%	71.3%	73.2%	69.1%	72.0%	84.2%	78.9%	69.0%	74.3%	67.6%	74.7%	81.3%	73.2%	11.3%	27.4%	29.7%
55-64	26.2%	35.6%	40.2%	78.2%	80.5%	71.6%	71.1%	85.2%	79.6%	88.2%	76.1%	64.0%	80.2%	81.2%	68.9%	9.3%	25.6%	25.1%
65+	28.6%	35.7%	42.4%	82.4%	82.4%	76.1%	80.0%	85.3%	79.4%	76.5%	78.5%	70.1%	87.5%	82.5%	68.4%	0.0%	21.2%	27.7%
All	29.2%	35.2%	36.1%	68.6%	75.5%	68.8%	70.5%	82.4%	78.0%	67.7%	74.0%	65.1%	70.7%	80.8%	72.6%	13.8%	24.5%	27.8%
$\chi^2(10)$	502.6	[0.000]		645.6	[0.000]		564.3	[0.000]		562.1	[0.000]		518.1	[0.000]		282.6	[0.000]	
Z Test	-0.029	-0.012	-4.356	-2.710	-5.581	-3.959	-1.276	-4.139	-0.909	-1.753	-4.110	-2.753	-3.567	-2.420	-1.492	-0.540	-0.813	-0.720
Prob	0.489	0.495	0.000	0.003	0.000	0.000	0.101	0.000	0.182	0.040	0.000	0.003	0.000	0.008	0.068	0.295	0.208	0.236
Income Groups (Quintiles)																		
1 (Bottom)	26.7%	37.4%	37.5%	62.0%	74.2%	68.0%	67.6%	80.6%	70.8%	65.3%	70.6%	62.6%	72.2%	77.0%	68.1%	14.6%	21.4%	25.6%
2	30.6%	36.7%	39.0%	67.6%	75.0%	70.8%	66.3%	81.0%	76.0%	66.7%	74.0%	61.8%	69.0%	79.9%	72.9%	13.1%	22.5%	24.1%
3	27.9%	35.0%	33.3%	71.8%	77.4%	69.6%	72.2%	85.2%	79.2%	68.4%	74.2%	64.7%	71.1%	82.1%	74.6%	12.4%	25.6%	27.7%
4	29.5%	35.3%	39.2%	70.9%	75.5%	68.1%	74.7%	85.5%	79.7%	69.9%	72.9%	66.4%	73.0%	84.3%	70.5%	12.6%	29.0%	28.8%
5 (Top)	29.7%	32.4%	34.9%	71.5%	70.5%	64.6%	71.5%	82.3%	80.3%	69.5%	76.8%	66.1%	71.1%	80.0%	70.6%	18.6%	27.2%	31.7%
All	29.2%	35.2%	36.1%	68.6%	75.5%	68.8%	70.5%	82.4%	78.0%	67.7%	74.0%	65.1%	70.7%	80.8%	72.6%	13.8%	24.5%	27.8%
$\chi^2(8)$	63.5	[0.000]		61.6	[0.000]		84.6	[0.000]		58.6	[0.000]		48.5	[0.000]		84.6	[0.000]	
Z Test	-1.028	-3.080	-1.143	-2.307	-1.829	-1.128	-1.006	-0.951	-3.550	-1.026	-2.983	-1.131	-0.275	-1.527	-0.856	-1.587	-3.963	-2.837
Prob	0.152	0.001	0.127	0.011	0.034	0.130	0.157	0.171	0.000	0.152	0.001	0.129	0.392	0.063	0.196	0.056	0.000	0.002
Education Levels																		
High	34.9%	36.5%	39.0%	69.5%	74.7%	65.7%	71.1%	85.8%	82.4%	70.9%	76.6%	64.7%	74.9%	84.0%	74.5%	23.0%	30.7%	37.4%
Medium	27.7%	34.6%	33.4%	69.2%	75.2%	69.6%	70.6%	80.9%	79.0%	67.4%	72.1%	64.2%	69.9%	78.0%	72.5%	11.7%	22.8%	25.4%
Low	28.1%	34.7%	37.5%	66.6%	78.5%	72.3%	69.6%	80.3%	67.9%	65.6%	74.4%	67.6%	68.8%	82.7%	68.5%	11.4%	16.6%	16.7%
All	29.2%	35.2%	36.1%	68.6%	75.5%	68.8%	70.5%	82.4%	78.0%	67.7%	74.0%	65.1%	70.7%	80.8%	72.6%	13.8%	24.5%	27.8%
$\chi^2(4)$	92.4	[0.000]		93.3	[0.000]		132.5	[0.000]		79.6	[0.000]		87.9	[0.000]		236.9	[0.000]	
Z Test	-2.585	-1.416	-0.816	-0.864	-2.391	-2.742	-0.440	-4.029	-6.874	-1.560	-1.358	-1.187	-1.863	-0.875	-2.608	-5.394	-11.663	-11.988
Prob	0.005	0.078	0.207	0.194	0.008	0.003	0.330	0.000	0.000	0.059	0.087	0.118	0.031	0.191	0.005	0.000	0.000	0.000
Gender																		
Men	29.4%	28.6%	32.1%	70.2%	72.4%	50.8%	70.5%	87.1%	64.9%	70.5%	76.9%	55.8%	70.2%	86.1%	62.8%	17.4%	34.2%	39.1%
Women	29.0%	40.8%	40.0%	66.2%	77.7%	86.2%	70.5%	78.8%	90.3%	63.3%	71.7%	74.3%	71.4%	76.8%	82.2%	8.7%	16.2%	22.4%
All	29.2%	35.2%	36.1%	68.6%	75.5%	68.8%	70.5%	82.4%	78.0%	67.7%	74.0%	65.1%	70.7%	80.8%	72.6%	13.8%	24.5%	27.8%
$\chi^2(2)$	553.0	[0.000]		558.0	[0.000]		190.2	[0.000]		136.9	[0.000]		124.9	[0.000]		681.5	[0.000]	
Z Test	-0.208	-13.770	-6.175	-1.759	-4.782	-21.546	-0.021	-8.625	-17.326	-3.114	-4.575	-10.790	0.549	-9.281	-12.221	-6.642	-22.450	-13.510
Prob	0.418	0.000	0.000	0.039	0.000	0.000	0.492	0.000	0.000	0.001	0.000	0.000	0.708	0.000	0.000	0.000	0.000	0.000
Internet Use																		
Yes	28.6%	32.0%	32.5%	71.0%	73.1%	67.2%	74.0%	84.5%	83.3%	71.0%	73.3%	65.1%	74.2%	82.3%	77.4%	19.5%	32.1%	35.8%
No	29.4%	37.8%	40.0%	67.6%	77.6%	70.9%	69.1%	80.7%	71.6%	66.3%	74.9%	65.1%	69.3%	79.7%	66.6%	11.7%	18.3%	19.0%
All	29.2%	35.2%	36.1%	68.6%	75.5%	68.8%	70.5%	82.4%	78.0%	67.7%	74.0%	65.1%	70.7%	80.8%	72.6%	13.8%	24.5%	27.8%
$\chi^2(2)$	673.9	[0.000]		323.6	[0.000]		184.3	[0.000]		222.3	[0.000]		191.6	[0.000]		351.7	[0.000]	
Z Test	-0.454	-6.432	-5.851	-1.382	-4.209	-2.293	-2.042	-3.952	-7.955	-1.896	-1.397	0.012	-2.022	-2.615	-6.790	-5.378	-17.266	-13.980
Prob	0.325	0.000	0.000	0.084	0.000	0.011	0.021	0.000	0.000	0.029	0.081	0.505	0.022	0.004	0.000	0.000	0.000	0.000

Probability values for the chi-squared tests are shown in brackets

Table 6: Contextual Hypotheses – Hofstede Cultural Dimensions

	Role of Firms			Consumer Issues			Environment			Quality Standards			Discrimination			Punish Poor CSR		
	Muslims	Other	None	Muslims	Other	None	Muslims	Other	None	Muslims	Other	None	Muslims	Other	None	Muslims	Other	None
Power Distance																		
High	28.4%	36.9%	37.6%	65.9%	82.6%	66.2%	80.7%	72.6%	57.3%	63.3%	77.8%	62.4%	70.7%	79.8%	57.6%	13.6%	14.7%	14.3%
Medium	29.8%	43.6%	47.4%	72.5%	82.5%	92.4%	58.7%	88.8%	93.4%	74.5%	73.2%	74.8%	70.4%	87.4%	98.3%	12.9%	19.8%	26.7%
Low	38.0%	27.5%	26.2%	78.3%	66.3%	57.3%	63.3%	85.1%	88.5%	75.6%	72.1%	61.5%	75.0%	76.8%	69.4%	26.4%	35.1%	42.9%
All	29.2%	35.2%	36.1%	68.6%	75.5%	68.8%	70.5%	82.4%	78.0%	67.7%	74.0%	65.1%	70.7%	80.8%	72.6%	13.8%	24.5%	27.8%
$\chi^2(4)$	385.7	[0.000]		831.7	[0.000]		1144.6	[0.000]		1072.3	[0.000]		1277.1	[0.000]		2259.6	[0.000]	
Z Test	-1.987	-8.903	-7.896	-1.733	-11.758	-4.473	-2.956	-10.219	-16.273	-1.675	-4.130	-0.453	-0.609	-2.338	-6.004	-3.374	-20.364	-20.359
Prob	0.023	0.000	0.000	0.042	0.000	0.000	0.002	0.000	0.000	0.047	0.000	0.325	0.271	0.010	0.000	0.000	0.000	0.000
Individualism																		
High	32.0%	29.0%	28.4%	61.5%	73.5%	71.3%	78.3%	87.6%	88.0%	73.1%	79.3%	78.5%	69.2%	86.8%	87.4%	20.4%	33.6%	41.8%
Medium	27.3%	36.1%	44.7%	63.6%	79.1%	70.1%	62.3%	82.7%	90.0%	61.2%	74.5%	59.5%	65.5%	81.4%	78.0%	26.6%	17.3%	26.6%
Low	29.5%	44.5%	39.0%	70.6%	73.4%	66.1%	73.3%	74.4%	63.7%	70.0%	65.2%	57.1%	72.6%	71.3%	57.2%	10.8%	19.4%	16.0%
All	29.2%	35.2%	36.1%	68.6%	75.5%	68.8%	70.5%	82.4%	78.0%	67.7%	74.0%	65.1%	70.7%	80.8%	72.5%	13.8%	24.5%	27.8%
$\chi^2(4)$	911.1	[0.000]		1171.2	[0.000]		1542.5	[0.000]		1497.3	[0.000]		1593.7	[0.000]		1947.8	[0.000]	
Z Test	-0.378	-13.648	-7.512	-1.007	-0.092	-2.731	-0.538	-10.894	-13.653	-0.340	-9.864	-9.744	-0.376	-12.260	-5.088	-2.135	-13.048	-19.207
Prob	0.353	0.000	0.000	0.157	0.463	0.003	0.295	0.000	0.000	0.367	0.000	0.000	0.353	0.000	0.000	0.016	0.000	0.000
Uncertainty Avoidance																		
High	29.7%	43.4%	46.8%	76.2%	77.0%	69.1%	77.9%	80.0%	82.8%	78.7%	70.9%	60.7%	74.2%	78.5%	73.4%	12.5%	13.9%	22.5%
Medium	33.1%	33.3%	22.6%	62.4%	72.2%	74.5%	63.5%	84.5%	89.4%	61.8%	69.7%	59.6%	66.8%	80.4%	84.9%	22.7%	32.5%	43.4%
Low	25.2%	30.3%	36.5%	67.2%	78.3%	65.7%	70.3%	82.6%	68.6%	61.2%	81.8%	74.3%	71.4%	83.6%	65.5%	6.5%	40.9%	23.4%
All	29.2%	35.2%	36.1%	68.6%	75.7%	68.8%	70.5%	82.4%	78.0%	67.7%	74.0%	65.0%	70.7%	80.8%	72.5%	13.8%	29.9%	27.8%
$\chi^2(4)$	362.7	[0.000]		135.5	[0.000]		195.5	[0.000]		162.3	[0.000]		149.8	[0.000]		982.4	[0.000]	
Z Test	-2.324	-11.626	-6.588	-3.253	-0.949	-1.810	-2.912	-2.131	-8.200	-6.221	-8.068	-6.943	-1.060	-4.104	-4.216	-4.427	-25.616	-0.716
Prob	0.010	0.000	0.000	0.001	0.171	0.035	0.002	0.017	0.000	0.000	0.000	0.000	0.145	0.000	0.000	0.000	0.000	0.237
Masculinity																		
High	38.3%	37.4%	39.2%	72.1%	70.8%	65.2%	65.0%	81.2%	72.9%	65.9%	66.7%	59.9%	63.6%	77.3%	65.9%	24.4%	29.2%	23.4%
Medium	28.5%	31.7%	35.1%	64.1%	79.3%	74.6%	66.5%	85.5%	88.2%	61.4%	83.3%	83.4%	69.2%	85.9%	87.9%	14.0%	28.1%	47.7%
Low	29.7%	36.2%	31.0%	76.3%	77.4%	72.1%	77.8%	81.0%	81.8%	78.6%	73.6%	64.8%	74.0%	80.2%	76.3%	12.7%	15.1%	23.8%
All	29.2%	35.2%	36.1%	68.6%	75.5%	68.8%	70.4%	82.4%	78.0%	67.7%	74.0%	65.1%	70.7%	80.8%	72.5%	13.8%	24.5%	27.8%
$\chi^2(4)$	847.5	[0.000]		1008.4	[0.000]		1080.7	[0.000]		947.6	[0.000]		1050.6	[0.000]		446.2	[0.000]	
Z Test	-1.627	-1.064	-5.506	-0.620	-5.004	-3.701	-1.868	-0.138	-5.194	-1.900	-4.855	-2.489	-1.497	-2.301	-5.682	-3.014	-14.910	-0.316
Prob	0.052	0.144	0.000	0.268	0.000	0.000	0.031	0.445	0.000	0.029	0.000	0.006	0.067	0.011	0.000	0.001	0.000	0.376
Long-Term Orientation																		
High	36.8%	32.6%	35.2%	85.7%	75.8%	66.5%	81.8%	78.5%	70.9%	57.1%	61.7%	56.5%	57.1%	74.9%	63.7%	26.3%	17.0%	20.1%
Medium	28.6%	33.9%	35.4%	70.0%	70.0%	70.6%	78.3%	87.5%	90.8%	65.0%	74.5%	77.0%	65.0%	85.9%	86.9%	22.0%	35.1%	48.6%
Low	40.5%	33.4%	36.6%	63.4%	75.4%	67.5%	69.5%	80.8%	84.1%	67.5%	79.1%	76.0%	72.8%	82.9%	85.3%	16.0%	27.5%	37.0%
All	39.5%	33.4%	35.5%	64.4%	73.8%	67.4%	70.7%	82.3%	76.8%	67.0%	72.1%	63.7%	71.8%	81.3%	71.7%	16.9%	27.5%	29.3%
$\chi^2(4)$	841.3	[0.000]		834.4	[0.000]		788.1	[0.000]		703.0	[0.000]		731.0	[0.000]		645.7	[0.000]	
Z Test	-0.323	-0.617	-0.766	-1.214	-0.264	-0.464	-0.875	-1.549	-6.148	-0.575	-10.342	-8.080	-0.913	-5.358	-9.552	-1.185	-8.872	-10.935
Prob	0.373	0.269	0.222	0.112	0.396	0.321	0.191	0.061	0.000	0.283	0.000	0.000	0.181	0.000	0.000	0.118	0.000	0.000

Probability values for the chi-squared tests are shown in brackets

Table 7: Contextual Hypotheses – Socio-political factors

	<u>Role of Firms</u>			<u>Consumer Issues</u>			<u>Environment</u>			<u>Quality Standards</u>			<u>Discrimination</u>			<u>Punish Poor CSR</u>		
	<u>Muslims</u>	<u>Other</u>	<u>None</u>	<u>Muslims</u>	<u>Other</u>	<u>None</u>	<u>Muslims</u>	<u>Other</u>	<u>None</u>	<u>Muslims</u>	<u>Other</u>	<u>None</u>	<u>Muslims</u>	<u>Other</u>	<u>None</u>	<u>Muslims</u>	<u>Other</u>	<u>None</u>
Economic Freedom																		
High	40.4%	30.0%	32.2%	65.5%	76.1%	72.2%	65.2%	87.1%	89.0%	65.5%	75.6%	70.1%	62.1%	85.5%	83.8%	26.9%	33.5%	38.3%
Medium	29.9%	41.6%	44.1%	76.0%	69.5%	64.1%	76.6%	76.2%	75.2%	77.9%	66.6%	54.4%	73.6%	76.1%	68.9%	13.3%	21.3%	28.2%
Low	28.5%	37.3%	37.8%	64.5%	79.5%	66.4%	67.2%	81.4%	64.0%	61.9%	77.6%	63.0%	69.3%	78.3%	57.9%	13.7%	15.2%	14.4%
All	29.2%	35.2%	36.1%	68.6%	75.5%	68.8%	70.5%	82.4%	78.0%	67.7%	74.0%	65.1%	70.7%	80.8%	72.5%	13.8%	24.5%	27.8%
$\chi^2(4)$	521.1	[0.000]		1038.4	[0.000]		1399.0	[0.000]		1128.4	[0.000]		1448.6	[0.000]		1698.6	[0.000]	
Z Test	-1.874	-7.295	-4.059	0.112	-2.745	3.174	0.203	5.319	-15.438	-0.400	-1.629	-3.813	-0.833	6.417	-14.714	-2.702	-19.498	-18.213
Prob	0.030	0.000	0.000	0.544	0.003	0.999	0.581	1.000	0.000	0.344	0.052	0.000	0.202	1.000	0.000	0.003	0.000	0.000
Openness: % of FDI in Total Capital Stock																		
High	29.4%	33.7%	32.1%	65.6%	78.5%	67.5%	70.4%	82.4%	70.5%	62.4%	77.2%	65.5%	71.2%	82.0%	66.7%	9.0%	19.4%	20.7%
Medium	30.0%	34.8%	36.4%	77.8%	73.5%	72.3%	80.8%	83.8%	90.4%	80.3%	75.7%	77.0%	75.8%	81.1%	85.1%	15.8%	27.8%	40.4%
Low	29.0%	37.1%	47.2%	70.1%	75.9%	68.1%	69.9%	80.6%	80.8%	70.5%	69.6%	53.8%	70.1%	79.5%	72.3%	17.3%	23.6%	30.3%
All	29.2%	35.2%	36.1%	68.6%	75.5%	68.8%	70.5%	82.4%	78.0%	67.7%	74.0%	65.1%	70.7%	80.8%	72.5%	13.8%	24.5%	27.8%
$\chi^2(4)$	798.2	[0.000]		984.4	[0.000]		940.6	[0.000]		1029.5	[0.000]		945.6	[0.000]		755.3	[0.000]	
Z Test	-0.271	-2.827	-8.863	-1.920	-1.856	-0.281	-0.235	-1.381	-5.618	-3.429	-5.014	-5.606	-0.507	-1.837	-2.853	-6.223	-4.030	-6.426
Prob	0.393	0.002	0.000	0.027	0.032	0.389	0.407	0.084	0.000	0.000	0.000	0.000	0.306	0.033	0.002	0.000	0.000	0.000
Civil and Political Liberties																		
High	33.8%	29.7%	29.7%	65.0%	72.5%	70.6%	78.1%	85.3%	88.0%	66.7%	75.9%	75.5%	65.0%	85.5%	86.0%	24.3%	32.7%	40.8%
Medium	35.0%	42.4%	49.1%	81.5%	76.1%	69.0%	67.6%	76.4%	81.0%	72.0%	67.2%	50.9%	71.4%	73.5%	69.1%	22.6%	18.3%	22.6%
Low	29.0%	36.7%	37.4%	68.5%	84.3%	66.4%	70.4%	90.0%	63.5%	67.7%	86.5%	63.2%	70.8%	85.7%	57.9%	13.3%	8.3%	14.2%
All	29.2%	35.2%	36.1%	68.6%	75.5%	68.8%	70.5%	82.4%	78.0%	67.7%	74.0%	65.1%	70.7%	80.8%	72.5%	13.8%	24.5%	27.8%
$\chi^2(4)$	2425.5	[0.000]		2952.7	[0.000]		3380.0	[0.000]		3045.3	[0.000]		3423.1	[0.000]		2832.7	[0.000]	
Z Test	-0.884	-5.170	-5.510	-0.472	-7.001	-2.188	-0.945	-3.480	-13.994	0.135	-6.472	-6.384	-0.802	-0.149	-15.307	-2.652	-18.544	-19.585
Prob	0.188	0.000	0.000	0.318	0.000	0.014	0.172	0.000	0.000	0.554	0.000	0.000	0.211	0.441	0.000	0.004	0.000	0.000
Press Freedom																		
High	33.8%	29.8%	33.0%	64.1%	72.4%	69.5%	72.7%	84.2%	88.0%	65.8%	72.9%	69.1%	64.1%	83.7%	83.1%	24.3%	32.4%	38.8%
Medium	35.5%	40.9%	44.3%	82.1%	76.0%	71.8%	70.6%	78.0%	75.8%	73.1%	71.1%	54.8%	72.4%	76.0%	66.7%	22.2%	20.4%	22.4%
Low	29.0%	36.7%	37.4%	68.5%	84.3%	66.4%	70.4%	90.0%	63.5%	67.7%	86.5%	63.2%	70.8%	85.7%	57.9%	13.3%	8.3%	14.2%
All	29.2%	35.2%	36.1%	68.6%	75.5%	68.8%	70.5%	82.4%	78.0%	67.7%	74.0%	65.1%	70.7%	80.8%	72.6%	13.8%	24.5%	27.8%
$\chi^2(4)$	2706.9	[0.000]		3252.8	[0.000]		3792.1	[0.000]		3270.7	[0.000]		3811.5	[0.000]		2669.6	[0.000]	
Z Test	-0.889	-5.095	-3.170	-0.586	-7.049	1.664	-0.285	-4.126	-15.101	0.247	-8.020	-3.099	-0.914	-1.313	-14.365	-2.651	-18.279	-18.694
Prob	0.187	0.000	0.001	0.279	0.000	0.952	0.388	0.000	0.000	0.598	0.000	0.001	0.180	0.095	0.000	0.004	0.000	0.000
Corruption																		
High	29.6%	38.2%	37.7%	71.1%	80.0%	66.4%	73.9%	82.1%	64.2%	70.5%	77.3%	63.0%	73.0%	77.5%	57.9%	10.7%	15.0%	14.5%
Medium	25.9%	41.7%	48.4%	61.6%	71.2%	64.9%	60.3%	77.6%	80.8%	59.8%	66.4%	52.6%	64.3%	76.6%	71.2%	28.2%	20.3%	28.4%
Low	38.5%	27.8%	27.7%	66.7%	76.6%	74.3%	68.2%	87.5%	89.1%	63.3%	79.2%	77.2%	63.3%	87.2%	87.0%	27.5%	34.3%	40.0%
All	29.2%	35.2%	36.1%	68.6%	75.5%	68.8%	70.5%	82.4%	78.0%	67.7%	74.0%	65.0%	70.7%	80.8%	72.5%	13.8%	24.5%	27.8%
$\chi^2(4)$	950.3	[0.000]		1250.1	[0.000]		1651.1	[0.000]		1457.6	[0.000]		1724.9	[0.000]		2134.9	[0.000]	
Z Test	-1.388	-9.708	-7.065	-0.526	-2.546	-4.084	-0.603	-4.726	-13.915	-0.852	-1.382	-7.256	-1.174	-7.976	-15.421	-3.788	-18.862	-18.811
Prob	0.083	0.000	0.000	0.300	0.005	0.000	0.273	0.000	0.000	0.197	0.083	0.000	0.120	0.000	0.000	0.000	0.000	0.000

Probability values for the chi-squared tests are shown in brackets

Endnotes

- ¹ *Hadith* reported by Ahmad, Abu Daoud, al-Tirmidhi, Ibn Majah and Abi Y'ala in Al-Qaradawi (1985 p.255)
- ² *Hadith* reported by Muslim, similarly see, *Hadith* reported by Ahmad, al-Hakim, Ibn Abu Shaybah and al-Bazaar, "If anyone withholds grain for forty days out of the desire for a high price, Allah will renounce him" (Al-Qaradawi p256)
- ³ *Hadith* reported by Ahmad, see also similar reports by al-Bukhari and Muslim in Al-Qaradawi (1985 pp.128-9)
- ⁴ *Hadith* reported by Al-Hakim and Al-Bayhaqi
- ⁵ *Hadith* reported by Muslim (Book 3, No. 4093)
- ⁶ *Hadith* reported by Abu Daoud
- ⁷ This is slightly different in different translations, for example PICKTHAL: "Unto you your religion, and unto me my religion." SHAKIR: "You shall have your religion and I shall have my religion."
- ⁸ (2.256) YUSUF ALI: "Let there be no compulsion in religion: Truth stands out clear from Error: whoever rejects evil and believes in Allah hath grasped the most trustworthy hand-hold, that never breaks. And Allah heareth and knoweth all things." PICKTHAL: "There is no compulsion in religion. The right direction is henceforth distinct from error. And he who rejecteth false deities and believeth in Allah hath grasped a firm handhold which will never break. Allah is Hearer, Knower." SHAKIR: "There is no compulsion in religion; truly the right way has become clearly distinct from error; therefore, whoever disbelieves in the Shaitan and believes in Allah he indeed has laid hold on the firmest handle, which shall not break off, and Allah is Hearing, Knowing."
- ⁹ See the *An Interfaith Declaration. A Code of Ethics on International Business for Christians, Muslims and Jews* 1993 Amman, Jordan., at http://astro.ocis.temple.edu/%7Edialogue/Codes/cmj_codes.htm and Simon Webley, *Values Inherent in the Interfaith Declaration of International Business Ethics*
- ¹⁰ This passage continues with a description of acceptable punishment of women, "Righteous women are therefore obedient, guarding the secret for God's guarding. And those you fear rebellious admonish, banish them to their couches and beat them. If they then obey you, look not for any way against them" Quoted in Crook (2000) as a general stricture on the role of men and women.
- ¹¹ Another translation of the same section reads, "Men are the protectors and maintainers of women, because God has given one more (strength) than the other and because they support them from their means" which appears more benign and continues, "Therefore the righteous women are devoutly obedient and guard in their husband's absence what God would have them guard. As to those women on whose part ye fear disloyalty and ill conduct, admonish them (first), (next) refuse to share their beds, (and last) beat them (lightly); but if they return to obedience, seek not against them means (of annoyance)." This appears to limit this stricture to disloyalty in marriage and is far less severe. From translation of 'Abdullah Yusuf 'Ali (1994) Islamic Book Trust, Kuala Lumpur
- ¹² Mernissi, (1991), *Fatima, Women and Islam: an historical and theological enquiry*, Blackwell: Oxford, cited in "Islam, Human Capital, the Role of Women", speech given by Professor Haleh Afshar at a conference entitled "Corporate Social Responsibility – Creating Greater Competitive Advantage" at the Securities Commission in Kuala Lumpur on June 21st 2004
- ¹³ Women also have very clear rights in marriage including the right to expect support and loyalty from their husbands and the right to demand a divorce if there is a breakdown in the relationship (Al-Qaradawi 1985, pp.171-221)
- ¹⁴ Afshar, H., (2004), "Islam, Human Capital, the Role of Women" speech given by Professor Haleh Afshar at a conference entitled "Corporate Social Responsibility – Creating Greater Competitive Advantage" at the Securities Commission in Kuala Lumpur on June 21st 2004
- ¹⁵ Al-Qaradawi (1985 pp. 169-170) claims, "This perverted act is a reversal of the natural order, a corruption of man's sexuality and a crime against the rights of females (The same applies equally in the case of female

homosexuality).” He continues, *“The jurists of Islam have held differing opinions concerning the punishment for this abominable practice. Should it be the same as the punishment for fornication or should both the active and the passive participants be put to death? Whilst such punishments may seem cruel, they have been suggested to maintain the purity of the Islamic society and to keep it clean of perverted elements.”*

¹⁶ See the Hofstede website at http://geert-hofstede.com/hofstede_resources/geert_hofstede_table_1.htm and http://www.geert-hofstede.com/hofstede_resources/hofstede_religion_1.shtml

¹⁷ The index scores countries on a scale of 1 (Good) to 5 (Poor) according to its performance in the following criteria: Trade Policy; Fiscal Burden; Govt Intervention; Monetary Policy; Foreign Investment; Banking & Finance; Wages & Prices; Property Rights; Regulation; and the Informal Market. The overall score is an average of the scores for these ten factors. Low numbers indicate higher economic freedom. Source: www.heritage.org

¹⁸ Bhatia, A (2004), “CSR and Islam: A business perspective”, speech given by Lord Bhatia at a conference entitled “Singapore/UK: Developing corporate Social Responsibility at the Shangri La hotel, Singapore on 23rd February 2004