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Islam and Corporate Social Responsibility: A Descriptive Discourse

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Abstract

The concept of Corporate Social Responsibility (CSR) has gained global attention in recent years as companies increasingly prioritise ethical standards, sustainability, and the overarching effects of their operations on society. Islam, as an all-encompassing lifestyle, offers a well delineated structure for social responsibility, grounded on ethical tenets derived from the Quran and *Hadith*. The study originates by defining CSR in the context of modern corporate practices, highlighting its importance in promoting sustainable development and social equality. It subsequently explores the fundamental principles of Islam such as charity (*zakat*), justice (*adl*), compassion (*ihsan*), and stewardship (*khalifah*), which together provide a framework for ethical economic practices. The research employs a descriptive qualitative methodology appropriate for investigating the influence of Islamic principles on corporate social responsibility, since qualitative research enables a comprehensive analysis of textual sources and activities inside the corporate framework. The study elucidates how fundamental Islamic values foster openness, equity, and the well-being of all stakeholders in business ethics. The research contrasts traditional CSR methods with those influenced by Islamic principles, emphasising the potential of an Islamic approach to improve corporate social responsibility. This discourse ultimately highlights the potential for Islamic principles to contribute to a more holistic understanding of CSR that transcends cultural boundaries and fosters greater social responsibility among corporations worldwide.

Keywords: Islam, Corporate Social Responsibility (CSR), Islamic Work Ethics, Community Welfare, Compassion (*ihsan*).

1. Introduction

Islam is a religion with its profound ethical and social doctrines, it has always emphasised the need of contributing to society as the idea of Corporate Social Responsibility (CSR) has gained significant interest in the last five decades, even though it has deep roots in history. Stock et al. (2023) postulated that 'Morality, social welfare, competence, decision-making, and responsibility are often connected to good social or environmental outcomes to improved behavioural outcomes'. Therefore, Islam, as a religion, also places great importance on ethics and social values. Importantly, in the modern business world, the issue of business ethics has come to play a cross-cutting role and found its place in every facet of business endeavour. This includes small, medium, and large-scale businesses as well as their commercial activities. Firms and individuals involved or associated with businesses attempt to ensure ethical behaviour, especially in their dealings or transactions. People now demand corporations to be socially and environmentally responsible in every sector of their activities. In this regard, the ethics of business is considered an important global phenomenon to reckon with, given the current trend of the global economy where new businesses, multinational corporations, and transnational organisations aim at exploiting various elements of society to their own advantage, irrespective of the consequences to such a society. According to Kocot and Olak (2024), the current trends in this day and age of globalisation, when competition is on the rise and the pace of change is accelerating, an organisation may become more competitive by promoting CSR, as seen in Islamic values, to ensures more investment and consequently higher profits for investors, businessmen, employees, and society at large, by producing a more competitive, disciplined, loyal, and responsible workforce.

This paper seeks to discuss and reflect on how the Islamic perspective can elaborate on the understanding of CSR. The successful interactions of Muslims with other peoples of the world, where CSR issues are indispensable, create potential contributions of how Islamic beliefs and values could be feasible in varying business environments. It likewise calls for business leaders, policymakers, and other actors to rethink global ethics questions to curb business exploitation in the global market.

Hence, the findings in this paper can help in domesticating the concept of CSR in almost every field of social and commercial practice. It is in this regard, the paper urges the readers and researchers of knowledge not to dwell either on the theories or the principles of CSR per se, but also to understand how CSR, as an ideology, operates and how it can address the critiques the non-Muslim world often relates to it. This presentation of CSR takes an Islamized paradigm, which means the readers will be exposed to a very profound Islamic orientation for each concept that they read with the objectives that this paper is fourfold;

first, it gives descriptions of the terms of Islam and CSR; second, it explains the perspective of Islam and CSR in the business world; third, it shows how Islamic teaching can contribute to the understanding of CSR; and lastly, it investigates how Islamic values mainly influence corporate behaviour.

According to Zulfiani and Wibowo (2024), Islamic business ethics are founded on concepts like as honesty (*saddek)*, justice (*adl*), and responsibility(*mosooliyah)*, all of which are strongly aligned with the aims of corporate social responsibility (*al'mosooliyah al-ijtimahiia li'shariikat)* by taking into consideration the principles of Islamic business ethics and the concept of Corporate Social Responsibility (CSR) are both placing emphasis on ethical behaviour, the welfare of the society, and sustainable development. Hence, the integration of this kind is essential for increasing the value of the company and the confidence of its stakeholders.

Consequently, Corporate Social Responsibility (CSR) in relation to Islamic values has garnered considerable attention in recent years. Bolatito Shamsuddin et al. (2024) posit that it is the concept that enterprises possess a duty to society that extends beyond their legal and financial responsibilities. This highlights socio-economic acts that satisfy the requirements of the present generation without jeopardising the ability of future generations to fulfil their own demands. This article seeks to examine the subtle distinctions and overlaps between Islamic and traditional CSR, using ideas from significant academic contributions to the discipline.

Abbasi (2012) analysed the aspects of Corporate Social Responsibility in connection with Islamic and conventional financial institutions, specifically in the Bahawalpur area. His study indicates that CSR includes a wide range of responsibilities—social, economic, ethical, and more—highlighting its significance in promoting an interdependent connection between banks and the economic system. Abbasi asserts that CSR, especially in Islamic banking, is fundamentally connected to societal welfare rather than only profit maximisation. He emphasises that Islamic banks, governed by Shariah law, have a primary duty to manage their social, economic, and environmental operations with responsibility. The document emphasises the significance of social justice in Islam, contending that CSR activities grounded on Islamic principles enhance human welfare and accountability to God. This fundamental viewpoint provides the framework for comprehending the ethical obligations that underpin CSR in Islamic settings.

Expanding upon this basis, Ahmad Sharabati and Wasfi Awad (2022) further elucidate the peculiarities of Islamic CSR in contrast to its conventional equivalent. They contend that CSR guided by Islamic principles connects more profoundly with Muslim populations, since it is rooted in a holistic belief system that incorporates ethical issues into every aspect of life. The authors emphasise an agreement among academics and practitioners about the beneficial effects of CSR on organisational success and social well-being. They promote the use of standardised CSR measurements across worldwide organisations and stress the need for educational programs that integrate CSR ideas into academic curriculum. Their research substantiates the idea that a comprehensive grasp of Islamic CSR may improve organisational effectiveness and community well-being. Collectively, these publications elucidate the pivotal influence of Islamic beliefs on CSR practices and underscore the capacity of Islamic CSR to exemplify ethical corporate activity that emphasises social justice and community welfare. Literature indicates that integrating Islamic concepts into CSR accords with religious doctrines and enhances ethical responsibility within the business sector.

Similarly, this paper integrates the convergence of Islam and Corporate Social Responsibility (CSR), exploring how Islamic tenets might direct corporations in their endeavours to enhance societal welfare. This study will explore fundamental Islamic principles about social responsibility, including *zakat* (charitable giving), *sadaqa* (voluntary charity), and *ma'ruf* (virtuous actions), and examine their applicability to business activities.

2. Conceptual Framework of Corporate Social Responsibility in Islam

Islamic teachings have touched on the business field with the introduction of the values of the Prophet Muhammad (*S.A.W*), who is the focal point of revealed knowledge in Islam in the form of the *Al-Qur'an* and *Hadith*, placed to formulate some of the basic principles of business. In the *Al-Qur'an*, the verses that establish ethical business conduct related to social welfare are deeply intertwined with social welfare, emphasizing honesty, justice, and mutual benefit. The *Quran* and *Hadith* provide guidance on these principles.

i. **Quranic Guidance: - Mutual Consultation and Charity:** *Surah Ash-Shura* (42:38) ‘‘*who respond to their Lord, establish prayer, conduct their affairs by mutual consultation, and donate from what We have provided for them*’’ highlights the importance of conducting affairs through mutual consultation and spending from what Allah has provided. This encourages businesses to engage in ethical practices that consider the welfare of all stakeholders and contribute to social welfare through charitable giving.

ii. **Honesty and Integrity:** *Surah An-Nur* (24:28) ‘‘*If you find no one at home, do not enter it until you have been given permission. And if you are asked to leave, then leave. That is purer for you. And Allah has ˹perfect˺ knowledge of what you do’’* advises seeking permission and respecting privacy, which can be extended to business ethics, emphasizing transparency and respect in dealings.

iii. **Hadith on Business Ethics:**

a) **Honesty in Trade:** A hadith from *Sahih Ibn Majah* (*Hadith* 4108) narrated by *Hudhaifah* mentions the decline of honesty in business, highlighting the importance of maintaining integrity in trade. The Prophet Muhammad (ﷺ) emphasized that honesty was once inherent in people's hearts, and its absence leads to a lack of trust in business.

b) **Guardianship of Orphans' Wealth:** A hadith from *Tirmidhi* (Hadith 640) advises guardians of orphans to invest their wealth rather than let it deplete through charity, indicating the importance of responsible financial management for social welfare.

iv. Scholarly Insights: Scholars like *Imam Al-Ghazali* (2004) and *Ibn Taymiyah* (1992) have emphasized that business should not only aim for profit but also consider the welfare of society, justice, and moral responsibility. Hence, ethical business practices are seen as a form of worship when they align with Islamic principles of justice and charity. The two reckoned Islamic Scholars have long emphasized the ethical dimensions of business, arguing that commerce should not only be profit-driven but also serve the welfare of society. *Imam Al-Ghazali* (1058–1111) and *Ibn Taymiyyah* (1263–1328) were two prominent thinkers who provided profound insights into economic justice, market ethics, and the role of businesses in maintaining social equity. Their perspectives continue to influence *Islamic economic policies and financial systems* today thereby ensuring corporate social responsibilities with the community.

Consequently, Islam encourages businesses to operate ethically, with a focus on honesty, justice, and contributing to social welfare. This is achieved through mutual consultation, transparency, and responsible management of resources, ensuring that business practices benefit both the individual and the community. Subsequently, teachings from Islam takes a sharp position against business practices that violate human rights and social weakness. The Islamic business transaction reflects the basic philosophy of this concept: that business is to maximize profit, but the main obstacle is the well-being of the individual or community. Islamic law also emphasizes that profit seekers are not allowed to adopt any means to achieve their goals and objectives as if the end justified the means.

Islamic scholars have proposed Islamic CSR discourses to expand Western-style CSR theory. Islam takes CSR beyond the company's economic plan to include faith and morality in business operations. These fundamentals distinguish Islamic CSR from Western CSR. Islam's ethical, theological, and legal structure is based on accountability to Allah and goes beyond profit to benefit the community and planet. Islamic teachings and the *Shari'ah* require Muslim businesses to be community-focused and environmentally friendly while buying, selling, or dealing with its stakeholders. Islamic business companies must be just, intelligent, and loving in all dealings because any transaction affects persons and the world in pursuit of profit. Muhammad said, 'If the Day of Judgement is about to arrive and one of you has a palm sprout in his hand which he can plant and develop before the Day of Judgement comes, he should do it.' This ethical commitment includes sensible stewardship of the world and nature. This illustrates that Islam fosters environmental awareness. However, the stand-alone concept of 'descriptions' on CSR is of diminishing value because they neither inform business managers how to do good, nor the cost of implementing 'doing good,' nor provide the incentives to do 'good' in Muslim-majority countries' increasingly competitive business world.

3. Historical Perspective of Corporate Social Responsibility in Islamic Societies

The word "company" is derived from the Latin term "companio", which means "one who eats bread with another" (com = "together" + panis = "bread"). It originally referred to a group of people who shared meals, emphasizing companionship and partnership. Online Etymology Dictionary. (*n.d.*), 2025. The concept of Corporate Social Responsibility (CSR) has deep roots in Islamic societies as they disseminate the belief that an individual can grow prosperous by providing for others. Thus, for Muslim scholars, compliance with right conduct in dealings was essential, along with total honesty, disclosure of relevant and material information, and the willingness to resort to withholding if the other party was about to harm itself. Muslims in the early period of Islam made a conscious effort to develop a healthy and friendly relationship with all communities and commit to social welfare. Notwithstanding the generally commercial aim to which every business activity is directed, Muslim scholars consider that social welfare and ethical considerations play a significant role in driving business interactions and activities.

Historically, Islamic trade ethics have evolved from the sayings of Prophet Muhammad and the exemplary lifestyles of his early followers. The concept of *amanah* (trustworthiness) in trading emphasizes honesty, transparency, and ethical conduct. It aligns with the teachings of Prophet Muhammad (PBUH), who stated, *"The truthful and trustworthy merchant is with the prophets, the truthful, and the martyrs"* (al-Tirmidhi, 1975, Hadith 1209). The term *khulq* refers to moral character, which in trading requires merchants to disclose accurate information about their goods to ensure fair dealings (al-Qaradawi, 2013). This concept of trading is conceptually born with the idea of trust or *Amanah* in all social, including economic relations. Islamic commercial dealings owe significant reliance on this inherent nature of an independent individual. The concept of *amanah* had been applied to trading, and it is called *khulq* in which traders let each other know what is happening in their bounty and what they have received. As such, everything is traded with a transparent and ethical disposition. The marketing approach was subject to *khulq* in the New Era during the early time of Islam, during the Prophetic era or ignorance before Islam. Likewise, classical Muslim scholars excluded the concept of deceit, dishonesty, and breaching of trust in trading in their legal principles or medieval Islamic Jurisprudence as well. The initial actors of the commercial society needed to be trustful and honest, especially in primitive Islamic-period society. It is interesting to note that the Seal of the Prophets was entitled *al-ameen* by his community. This title did not only refer to his social conduct but extended to public relations since he worked as a trader.

4. Key Principles and Values of Islam Relevant to Corporate Social Responsibility

Islam, as a complete way of life, addresses all aspects of human existence, including spiritual, physical, economic, political, social, and legal dimensions. It is guided by core values and principles derived from the Holy Qur'an and Hadith (Kamla et al., 2006). Some Islamic concepts relevant to Corporate Social Responsibility (CSR) include 'a*dl* (Justice), which emphasizes fairness in business dealings, *Rahmah* (Compassion), which encourages ethical treatment of stakeholders, and *khilafah* (stewardship), which highlights human responsibility as caretakers of the earth (Dusuki & Abdullah, 2007). Justice is a crucial concept as echoed in the teachings of the Prophet Muhammad. The implication of this teaching can be drawn out – priority has to be given to the spiritual aspects of life, as this is what leads to success in this world, as well as the Hereafter. Islamic ethics and values are based on truth and justice, as guided in the Holy Qur'an: God commands justice, doing good, and generosity towards relatives. And He forbids immorality, injustice, and oppression. *'adl* translates to justice or equity and is analogous to social responsibility within the context of business.

Rahmah (Compassion) emphasizes kindness and care for the less fortunate, including the welfare of employees, customers, and the broader community. The teachings of Islam state: *"The merciful are shown mercy by the Most Merciful; be merciful to those on the earth, and the One in the heavens will have mercy upon you"* (Sunan al-Tirmidhi, 1924, Hadith 1924). While *Rahmah* is often associated with acts of philanthropy, it is not merely a criterion for such actions but reflects a broader ethical framework that guides business and social responsibilities (Dusuki & Abdullah, 2007). *Rahmah* emphasizes kindness and caring for the less fortunate, including catering to the welfare of employees, customers, and the community. The teachings describe: "The merciful are shown mercy by the Most Merciful; be merciful to those on the earth and the One in the heavens will have mercy upon you."

Rahmah is often merely considered as one criterion that qualifies an act, such as philanthropy, but is not necessarily the aim of an act. This is a good value to think about when one crafts CSR practices with the aim of merely fulfilling a social mission, however witty and unique it may be. Moreover, *Rahmah* can also be a point of reference to evaluate organizational success in general. It goes beyond charity or philanthropy – rather it refers to how a company upholds a duty of care to society as a whole.

In Islam, stewardship (*khilafah*) refers to the responsibility of individuals to contribute positively to society rather than being a burden. This concept is closely linked to *Amanah* (trustworthiness), which signifies the ethical obligation a person holds in their position of authority. Islamic teachings reinforce this by stating: *"Every one of you is a shepherd and responsible for what is under his care"* (Sahih al-Bukhari, 893, Hadith 893). This principle extends to the ethical treatment of employees and stakeholders, emphasizing the necessity of transparency, honesty, and accountability in business transactions (Dusuki & Abdullah, 2007). Fair dealings and honest enterprises are fundamental in earning stakeholder trust, and all corporate initiatives should be founded upon the principles of justice (*'adl*) and compassion (*rahmah*) (Kamla et al., 2006). The value of justice reinforces accountability and honesty, compassion underscores social welfare and ethical rights, while stewardship promotes sustainable development and environmental responsibility within an Islamic corporate framework (Hassan & Latiff, 2009).

5. Islamic Ethics and Business Practices

While ethical values in business have been widely discussed, they are equally critical in the context of Islamic Business Ethics, which govern commercial practices from an Islamic perspective. The importance of these ethics lies in their alignment with Corporate Social Responsibility (CSR), ensuring that business activities remain socially responsible and sustainable (Dusuki & Abdullah, 2007). If Islamic principles such **as** justice (*'adl*), compassion (*Rahmah*), and stewardship (*khilafah*) are integrated into corporate frameworks, they will not only enhance ethical decision-making but also position businesses as responsible entities that align with societal well-being and economic feasibility (Hassan & Latiff, 2009).

The *Shari'ah* (Islamic teachings) governs all aspects of a Muslim's life, including business transactions, ensuring that economic activities align with ethical and moral values (Dusuki & Abdullah, 2007). Adherence to these principles reflects an individual's ethical orientation, as Islam aims to instil a strong moral compass in its followers. A key ethical value in Islamic business is '*Amanah* (trustworthiness), which obliges individuals to act with integrity and responsibility in delivering services to the public (Kamali, 2008). Ethical business practices ensure reliability and foster an environment where free-market participants can trust one another, reinforcing a just and secure economic system (Hasan, 2016). Islamic ethics provide a framework for responsible economic agents, where decision-making is based on compliance with '*ahkam'* (Islamic ordinances) governing industry practices. These ordinances guide moral judgments, allowing individuals to develop '*islah'* (self-rectification), which is an ongoing pursuit of ethical improvement in Islam (Hassan & Latiff, 2009). In this framework, ethics and legality are integrated, with ethics serving as a deontological (duty-based) element and legality as the teleological (goal-based) aspect that shapes the foundation of Islamic business ethics (Kamla et al., 2006).

6. The Role of Islamic Scholars in Shaping Corporate Social Responsibility Discourses

The role of Islamic scholars is crucial in shaping the understanding of Corporate Social Responsibility (CSR) from an Islamic perspective. As experts in Islamic teachings, scholars analyse primary and secondary sources to offer insights into ethical business conduct and responsible economic practices (Dusuki & Abdullah, 2007). Unlike conventional CSR discussions that rely on corporate-driven initiatives, Islamic scholars contribute by interpreting Islamic texts and juristic opinions to guide Muslim business owners in ethical decision-making

(Kamali, 2008). Their interpretations enhance the understanding of CSR, viewing it as both a social research tool and an ethical framework for conducting business (Hassan & Latiff, 2009).

Islamic scholars also aid policymakers in refining CSR frameworks by clarifying the philosophical essence behind corporate responsibility. Their research extends beyond economic considerations, incorporating governance, legitimacy, and ethical accountability from an Islamic perspective (Haniffa & Hudaib, 2011). The study of CSR in Islam is expanding, covering various approaches such as philosophical, practical, integrative, participative, and marketing-based discourses within Islamic banking and finance (Kamla et al., 2006). These discussions align with the intersection of traditional Islamic teachings and modern management thought, particularly regarding corporate ethics and moral character formation (Hasan, 2016). Furthermore, Islamic economic literature highlights the strong connection between *mu'amalah* (business transactions) and *tazkiyat al-nafs* (spiritual purification) (Chapra, 1992). The assumption is that praiseworthy traits of the soul provide a firm foundation for ethical economic transactions, reinforcing that Islamic spiritual valuation plays a key role in ensuring the integrity of business practices (Zarqa, 2003).

7. Comparative Analysis of Corporate Social Responsibility Practices in Islamic and Non-Islamic Countries

As part of a broader research project on Corporate Social Responsibility (CSR), this study provides a comparative analysis of CSR activities between Islamic and non-Islamic countries, assessing the impact of cultural, religious, and legal factors on corporate behaviour (Williams & Zinkin, 2010). CSR is a concept that has gained increasing relevance in today's globalized economy, where businesses are expected to go beyond profit-making and contribute positively to society. However, the implementation and interpretation of CSR can differ significantly across regions, particularly between Islamic and non-Islamic societies, where religious values and ethical frameworks play a fundamental role in shaping corporate policies and business ethics (Dusuki, 2008).

The research compares CSR practices across five non-Islamic countries—Canada, Germany, New Zealand, Portugal, and the UK—with those in two Islamic republics—Malaysia and Pakistan—and five Muslim-majority countries—Indonesia, Iran, Sudan, Turkey, and the UAE. The inclusion of Malaysia is particularly noteworthy, as despite being a secular state, its official religion is Islam, and its majority population consists of ethnic Malays, giving the country a unique Islamic character (Aribi & Arun, 2015). The contrast between these different countries provides a rich cross-cultural perspective on CSR, allowing researchers to explore how Islamic principles—such as 'adl (justice), Ihsan (benevolence), Rahmah (compassion), and *khilafah* (stewardship)—influence business ethics, stakeholder engagement, and corporate decision-making (Dusuki & Abdullah, 2007).

8. The Impact of Globalization on CSR Trends

The increasing impact of globalization has forced organisations, particularly multinational corporations (MNCs), to adopt responsible business practices in order to remain competitive and maintain a positive reputation in the international market. CSR is no longer seen as a voluntary initiative but as a strategic necessity for businesses seeking long-term sustainability (Jamali & Karam, 2018). For companies operating in non-Islamic countries, CSR initiatives often emphasize universal human rights, environmental sustainability, and ethical labor practices (Williams & Zinkin, 2010). However, in Islamic societies, CSR is deeply rooted in Shari'ah principles, where business ethics are guided by Qur'anic injunctions and Prophetic traditions (Hadith).

One of the key debates in CSR discourse is whether universal CSR principles can be effectively applied across different cultural and religious contexts. While some aspects of CSR—such as corporate transparency, fair trade, and environmental sustainability—are universally accepted, others are influenced by local socio-religious norms (Kamla, 2009). For instance, in Islamic economies, CSR is often linked to the concept of *maslahah* (public interest) and is seen as an ethical obligation rather than a voluntary corporate strategy (Dusuki, 2008). Islamic business ethics emphasize Zakat (obligatory almsgiving), Sadaqah (voluntary charity), and *qard al-hasana* (benevolent loans) as mechanisms for wealth redistribution and social welfare, reinforcing CSR as a moral duty rather than a market-driven initiative (Aribi & Arun, 2015).

CSR in Islamic and Non-Islamic Contexts: Key Differences and Challenges

The study highlights several differences in CSR implementation between Islamic and non-Islamic businesses:

1. Ethical Foundations:
    - In Islamic economies, CSR is faith-driven, with businesses adhering to Shari'ah-compliant ethical principles (Dusuki & Abdullah, 2007).
    - In Western economies, CSR is often secular and based on global frameworks such as the United Nations Global Compact (UNGC) and the OECD Guidelines for Multinational Enterprises (Williams & Zinkin, 2010).
2. Stakeholder Engagement:
    - Islamic CSR frameworks emphasize social justice ('Adl) and community welfare, requiring businesses to prioritize their moral responsibility toward employees, customers, and society at large (Kamla, 2009).
    - In non-Islamic contexts, CSR often follows a stakeholder theory approach, where businesses aim to balance the interests of shareholders, employees, and other stakeholders based on economic and legal considerations (Jamali & Karam, 2018).
3. Philanthropy vs. Compliance:
    - In Islamic CSR, philanthropy is embedded within corporate governance through Zakat and Waqf (endowments), ensuring that businesses contribute directly to social causes (Aribi & Arun, 2015).
    - In non-Islamic countries, philanthropy is often seen as an optional CSR activity, with companies donating to charities based on corporate policies rather than religious mandates (Williams & Zinkin, 2010).
4. Environmental and Ethical Considerations:
    - Islamic teachings promote environmental stewardship (*khilafah*), emphasizing the protection of natural resources and sustainable business practices as part of corporate responsibility (Hasan, 2016).
    - In non-Islamic CSR, environmental responsibility is increasingly driven by climate change policies, regulatory frameworks, and corporate reputation management (Jamali & Karam, 2018).

8.1. The Debate on Universality: Is CSR Culturally Neutral?

A major discussion emerging from this study is the universality of CSR principles. While organisations in non-Islamic countries often advocate for human rights and social justice as part of their CSR initiatives, these principles are interpreted differently in Islamic societies due to the influence of Shari'ah law and local governance structures (Kamla, 2009). Furthermore, CSR in non-Islamic contexts does not always account for transnational politics influencing human rights and Western business interests, raising questions about the objectivity and applicability of these frameworks on a global scale (Williams & Zinkin, 2010).

8.2. Universal Morality vs. Ethical Relativism

a. **Western CSR Challenge:** As a result of the heightened clash of cultural norms brought about by globalisation, Western CSR models frequently employ relativistic methods, which modify moral principles to fit local practices even when they violate universal human rights (e.g., gender inequality, child work).

b. **Islamic CSR Response:** *Shari'ah* and the moral precepts of the Qur'an and Sunnah, which provide a universal framework for morality, are the foundation of Islamic CSR. These are universal in all situations and are not reliant on regional customs or financial considerations. Regardless of regional traditions, for instance, it is illegal to engage in exploitation, dishonesty, or environmental devastation. Businesses can oppose ethically dubious practices even in regulatory regimes that are permissive according to this universalist ethical position (Dusuki & Abdullah, 2007).

> "O you who believe, continue to stand firmly for justice and serve as witnesses for Allah, even if it is against your own family or your parents and relatives." (Qur'an 4:135)

8.3 Priority of Stakeholders over Shareholders:

a. Western CSR Challenge: Western CSR has just lately begun to include stakeholders, having historically placed a higher priority on shareholder value. However, under the demands of global capitalism, this change is frequently flimsy or uneven, especially in multinational supply chains.

b. **Islamic CSR Reaction:** Stakeholder orientation is a fundamental component of Islamic CSR. All stakeholders, including employees, customers, local communities, and the environment, have their rights and welfare protected by the principles of *maslahah* (public interest) and `*adl* (justice). Profits must be acquired morally and distributed fairly (*zakat, sadaqah*), but they are not disregarded. Islamic business ethics place a strong focus on *muraqabah* (conscious accountability to God) and *amanah* (trust), fostering a higher degree of moral responsibility that goes beyond merely following the law.

> "Those who assist the rest of humanity the most are the best of us." — Muhammad the Prophet. (*Sahih al-Jami')*

8. 3. Sustainability and Environmental Exploitation

a. Western CSR Challenge: Although sustainability has become more and more integrated into Western CSR, many companies still only embrace it as a branding or regulatory compliance exercise (greenwashing), rather than as a profound ethical commitment. Global commercial activities frequently result in environmental damage.
b. Islamic CSR Reaction: One of the main principles of Islamic teachings is environmental stewardship. People are considered to be the Earth's *khalifah*, or stewards, who are in charge of maintaining its equilibrium (*mīzān*). It is immoral to damage nature and waste resources (*isrāf*). According to Kamla (2009), the Qur'anic perspective does not distinguish between economic and ecological factors, and it views sustainable business operations as a divine mandate rather than a matter of personal preference.

> "And refrain from mistreating the planet and promoting corruption." (Qur'an, 2:60)

8.4. Supply Chain Ethics and Labour Exploitation

a. Western CSR Challenge: Western companies are frequently accused of covertly permitting subpar working conditions in global supply networks, especially in the Global South. Despite CSR codes, cost effectiveness takes precedence over compliance, which is lax.

b. Islamic CSR Response: It is a religious requirement of Islam to treat workers fairly. Discrimination, unsafe working conditions, and wage delays are examples of exploitative actions that go against Islamic ethical standards. According to the Prophet Muhammad:

> "Give the employee his money before his perspiration dries." (Ibn Majah, Sunan)

Islamic CSR encourages companies to seek just partnerships rather than exploitative agreements by ensuring dignity and parity in employment through *ihsan* (benevolence) and *`adl* (justice).

8. 5. Ethical Integrity vs. Profit Maximisation

a. Western CSR Challenge: In deregulated or corrupt cultures, multinational firms frequently sacrifice moral principles in order to maximise profits. Beyond reputational damage or feeble legal penalties, Western CSR lacks a robust enforcement mechanism.

b. Islamic CSR Response: According to Islamic philosophy, making money is acceptable as long as it does not come at the price of moral behaviour. Internalised enforcement mechanisms include the idea of halal income, haram prohibitions, and divine accountability (*taqwa*). The moral character and contribution to the well-being of society are more important indicators of a company's legitimacy than its financial performance alone (*maqasid al-shari'ah*).

8.6. Transparency and Corporate Governance

a. Western CSR Challenge: Corruption and a lack of transparency might spread due to globalisation, particularly in cross-border business. Although Western CSR promotes transparency, its application varies greatly and frequently has flaws.

b. Islamic CSR Response: Islamic business practices include honesty (*sidq*), transparency (*shafafiyyah*), and trust (*amanah*). It is illegal to mislead or be dishonest in contracts, marketing, or financial reporting. This lessens the likelihood of corruption by ensuring that government systems are morally sound (Lewis, 2005).

This comparative study highlights the complex and multifaceted nature of CSR in Islamic and non-Islamic societies. While globalization has encouraged the adoption of CSR frameworks worldwide, the ethical, religious, and cultural foundations of corporate responsibility remain highly diverse. Islamic CSR is distinguished by its moral obligations, rooted in faith-based principles, whereas non-Islamic CSR often follows a secular and profit-driven model of corporate governance. The findings suggest that CSR initiatives must be adapted to local socio-religious contexts in order to be effective and sustainable. Future research should continue exploring how Islamic ethical principles can enhance glob-al CSR models, particularly in fostering a more equitable and just economic system.

9. Case Studies of Successful Corporate Social Responsibility Initiatives in Islamic Organisations

The **Corporate Social Responsibility (CSR)** initiatives of Islamic organisations primarily focus on poverty alleviation, environmental sustainability, community development, and sanitation projects (Dusuki & Abdullah, 2007). While Islam mandates that Muslim business practitioners operate responsibly and acknowledge social and environmental challenges, CSR remains a complex and evolving issue in Islamic business ethics. Historically, Islamic businesses have prioritized individual economic interests, leading to limited engagement in structured CSR activities for broader societal benefits (Aribi & Arun, 2015). However, in recent years, several Islamic firms have made attempts to develop CSR practices that align with local cultural values and human needs, reflecting a faith-driven approach to corporate responsibility (Williams & Zinkin, 2010).

One distinguishing factor in Islamic CSR is the commitment **to** Islamic community values**,** ensuring that CSR initiatives provide comfort, safety, and well-being to Muslim society (Kamla, 2009). Practicing Muslim business leaders align their corporate activities with their religious and cultural beliefs, making Islamic CSR distinct from conventional CSR approaches (Dusuki, 2008). However, a paradox emerges when service-based organisations—which maintain intensive, face-to-face interactions with customers—struggle to demonstrate a genuine commitment to societal welfare (Haniffa & Hudaib, 2011). This contradiction can be perceived as hypocritical**,** especially when organisations claim to serve human welfare yet fail to actively integrate Islamic principles into their business models (Jamali & Karam, 2018).

a) Islamic CSR in Practice: A Culture-Aware Approach

Several case studies provide insight into CSR implementation within Islamic organisations, illustrating how businesses integrate religious ethics, cultural expectations, and societal needs into their CSR strategies. These cases show that CSR in Islamic businesses is not merely an add-on practice but an organically integrated aspect of daily operations, driven by Islamic doctrine and ethical obligations (Hasan, 2016).

Islamic CSR reflects humanization stages in business, ensuring that positive initiatives have measurable impacts and long-term sustainability. Organisations that have successfully implemented CSR strategies based on Islamic principles have provided evidence of social realities, organizational culture, and local business contexts in shaping CSR outcomes (Chapra, 1992). Unlike Western CSR models, which often prioritize market-driven motives, Islamic CSR emphasizes spiritual accountability, ensuring that business success aligns with social welfare, justice, and ethical responsibility (Zarqa, 2003).

b) Comparative CSR: Islamic vs. Non-Islamic Approaches

The findings from case studies offer valuable insights for academics, business practitioners, and policymakers working to develop CSR strategies **in both** Islamic and non-Islamic contexts**.** Some Islamic businesses have successfully embedded CSR into their corporate identity**,** fostering a holistic approach to economic sustainability and social impact (Aribi & Arun, 2015). On the other hand, some organisations work solely in service sectors. Business activities are served by the characteristics of the type of service and the natural closeness to end-users. The companies have intensive face-to-face contact with clients and try to communicate effectively in person. This stance sounds hypocritical if these organizations desire to increase society and human welfare. The same holds true for others, which have a deep commitment and faith in the tenets of Islamic teachings emphasizing serving society.

Thus, accordingly, they have actively sought to include the major trends of Islamic principles in their approaches to business operations. The following cases are recent or ongoing CSR programs that have emerged in Muslim business organisations. Each case shows how the company handles CSR programs in the context of society and business life in which they work. The following case will illustrate a culture-aware approach to the fulfilment of CSR programs within an Islamic organisation. The comparative analysis also provides useful guidance for billionaires and high-net-worth individuals looking to establish CSR programs that align with Islamic ethical frameworks**.**

Table 1: Comparing Islamic and Non-Islamic CSR Models

Aspect	**Islamic CSR Model**	**Western CSR Model**
Ethical Basis	Rooted in *Shar'iah* principles	Based on corporate ethics and legal compliance
Primary Motivation	Religious duty (*Akhirah* accountability)	Corporate reputation and stakeholder expectations
Social Responsibility	Emphasis on *Zakat*, charity, and public welfare	Focus on philanthropy and ethical business practices
Sustainability Approach	Stewardship (*Khilafah*) for environmental protection	Emphasis on corporate sustainability goals
Regulatory Mechanisms	Influenced by Islamic financial laws	Governed by secular business regulations

Islamic organizations are progressively integrating global CSR standards while staying true to Islamic principles (Haniffa & Hudaib, 2007).

Ultimately, Islamic CSR is a unique model that blends spiritual, ethical, and economic values**,** ensuring that corporate initiatives contribute meaningfully to society and human welfare**.** As Islamic business literature expands**,** further research is needed to explore the intersection between Islamic ethical frameworks and global CSR standards**,** providing a comprehensive understanding of how faith-driven CSR can shape business practices worldwide (Jamali & Karam, 2018). Practicing Muslims are committed to aligning their corporate activities in accordance with the principles of their religious beliefs and cultural values.

10. Recommendations for Policymakers

i. **Establish Islamic Corporate Social Responsibility within Regulatory Frameworks**
   a. Action: Formulate and enforce Islamic CSR rules consistent with *maqasid al-Shari'ah* principles inside national corporate governance frameworks.
   b. The integration of Islamic CSR into legal and policy frameworks will improve adherence and offer clarification for firms functioning in Muslim-majority environments.

ii. **Establish Incentive Frameworks for Ethical Business Conduct**
   a. Implement tax incentives, benefits in public procurement, or certification programs for enterprises exhibiting excellence in Islamic Corporate Social Responsibility, encompassing fair labour practices, environmental stewardship, and *zakat* adherence.

b. Justification: Promoting socially responsible conduct can transform corporate social responsibility from a PR tactic into a business need.

iii. **Standardise Islamic CSR Reporting**

a. Engage with worldwide and regional organisations (e.g. AAOIFI, IFSB, Islamic Chambers of Commerce and Industries) to develop uniform Islamic CSR measurements and disclosure obligations.

b. The absence of established benchmarks restricts the comparison and accountability of CSR performance among enterprises and nations.

iv. **Allocate resources for Capacity Building and Public Awareness initiatives**

a. Initiative: Finance educational initiatives, public awareness campaigns, and institutional training to enhance Islamic CSR literacy among regulators, enterprises, and the general populace.

b. The enhancement of awareness and competence is crucial for the enduring institutionalisation of Islamic ethical business practices.

v. **For Corporate Executives and Islamic Financial Entities**

a. Implement Shari'ah-Compliant CSR Frameworks Internally
- Action: Incorporate *maqasid al-Shari'ah* and ethical accountability into internal policies, staff training, and strategic planning.
- The rationale is that ethical frameworks should transcend mere symbolic adherence to impact fundamental decision-making and organisational culture.

b. Broaden Stakeholder Engagement Beyond Shareholders
- Action: Implement formal interaction protocols with employees, communities, customers, and environmental organisations, informed by Islamic tenets of justice (*adl*) and trust (*amanah*).
- The rationale for Islamic CSR necessitates the active acknowledgement of all stakeholders' rights, harmonising corporate practices with both religious principles and sustainability objectives.

vi. **Adopt Ethical Innovation and Social Enterprise Frameworks**

a. Objective: Create products and services that address social needs (e.g., Islamic microfinance, green sukuk, halal circular economy) while achieving profit objectives.

b. The rationale is that Islamic CSR provides a framework for company innovation that harmonises financial success with communal welfare.

vii. **Disseminate Transparent, Faith-Concordant CSR Reports**

a. Action: Generate periodic CSR reports adhering to worldwide standards (e.g., GRI, SASB) and Islamic ethical disclosures, including zakat allocation, environmental stewardship, and employee rights.

b. Justification: Transparency fosters trust and displays genuine adherence to Islamic business standards.

viii. **For Scholars and Academics**

a. Develop Contextual Islamic Corporate Social Responsibility Models

b. Develop empirically based, locally adaptable CSR frameworks that incorporate Islamic doctrine with contemporary business practices.

c. Rationale: Generic CSR strategies frequently falter in varied socio-political environments; research must yield practical, culturally pertinent alternatives.

d. Progress Comparative CSR Research
- Action: Perform comparative evaluations of Islamic CSR and Western CSR across various industries, geographies, and results (e.g., ESG scores, stakeholder satisfaction, societal effect).

- The rationale is that these studies can elucidate the unique value propositions of Islamic CSR and provide avenues for hybrid models.

ix. Empirically Assess the Impact of Islamic CSR Practices

- Action: Create comprehensive tools and metrics for evaluating the social, environmental, and ethical impacts of Islamic CSR practices, incorporating both qualitative and quantitative approaches.
- The rationale is that empirical proof is essential to substantiate the assertions of Islamic CSR and facilitate its incorporation into policy and corporate strategy.

x. **Promote Interdisciplinary Collaboration**

a. Promote research at the convergence of Islamic finance, environmental science, ethics, and development economics to enhance the comprehension of Islamic corporate social responsibility.
b. The rationale for Islamic CSR encompasses all disciplines; multidisciplinary collaboration fosters innovation and significance.

11. Conclusion and Recommendations

Transforming Islamic CSR from theoretical discussion to practical implementation necessitates collaborative efforts among regulators, enterprises, and academics. Policymakers must establish supportive legal and economic frameworks; corporate leaders must synchronise operational plans with faith-based principles; and scholars must deliver empirical validation and practical models. Collectively, these initiatives can leverage the distinctive advantages of Islamic CSR—ethical universality, social justice, and environmental stewardship—to confront the urgent moral and ecological dilemmas posed by globalisation.

Islam has stood as an unwavering guide for the entire Muslim community, offering comprehensive wisdom on matters related to faith, spirituality, ethics, and social conduct all rooted in the two primary sources of Islamic law (*shari`āh*). In addition, Islam pays close attention to individual and community members on matters related to time dimensions and CSR organically integrated into the everyday activities of the people, especially the business actors.

Islam emphasis on the social relationships, welfarism, justice, fairness, humanity, moral and ethical values of the Muslims. Mandating positive socialization and development in humanization are part of evidential indicators that promote CSR in business related field. Scholars of Islamic business ethics are overwhelmed with so much, trying to integrate Islamic based-CSR and modern business advancement where ethical values and comprehensive successes would be recorded as practices, business ethical culture, professional development, retribution and reward will be derived from the Islamic principles

The study, provided information on social realities within which the individuals worked, the organization internal culture, and the social situation in the surrounding business context. The study, identified that some businesses are applying CSR effectively, and over time, they are recording sustainable progress. Similarly, some of the obtained results are recommended for academicians, business actors who are struggling with inspiring ongoing CSR in Islamic business from different context. the paper also introduced the nature of relationship between Islam and CSR, comparing Islamic and Non-Islamic CSR Models, different approaches, practice and challenges with examples from religious text and modern trends. The findings are rich and can serve as master-piece for business owners and corporate bodies locally and internationally.

The paper recommends future CSR in Islamic economics due to its unique traits and capabilities in moving business world to a greater hights, this is in addition to modern technology and globalization. In addition, this research could serve as a foundation for further investigation in CSR relevant fields integrated with Islamic value system, this is to enable strict test of some fundamental business ethics and prepositions related to the topic of discussion.

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