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Islam and socially responsible business conduct

An empirical research among Dutch entrepreneurs¹

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Islam and corporate social responsibility

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Abstract

This paper explores the relationship between the Islamic religion and the level of socially responsible business conduct (SRBC) of Islamic entrepreneurs. We find that the common idea of SRBC corresponds with the view of business in the Islam, although there are also some notable differences. We also find that Muslim entrepreneurs attach a higher weight to specific elements of SRBC than non-Muslims. But, on the other hand, we find that Muslims are less involved with applying SRBC in practice than non-Muslim managers. Furthermore, values and norms derived from the Islamic religion motivate entrepreneurs to contribute more to SRBC and lead to a higher commitment to specific aspects of SRBC compared to individually developed values and norms. Finally, the view of human nature of the Islam, preaching the natural goodness of man as a social being, leads to a positive view of SRBC.

Introduction

A growing body of literature can be found on the relationship between personal belief systems and values in business (Badaracco 1997; Trevino et al. 2000). Personal views and values are often related to the religious background of the manager (Abeng 1997; Fort 1996, 1998; Frederick 1995; Fry 2003; Mitroff & Denton, 1999). Several empirical studies have been conducted to examine the relationship between religion and business ethical behavior (Agle & Van Buren 1999; Angelidis & Ibrahim 2004; Giacalone & Jurkiewics 2003).

In a special issue about sense making, religion cannot be ignored as an important source of influence in the process of sense making. According to Berger (1967) the process of sense making needs legitimization. An important source of legitimization of sense making is provided by religion. Berger (1976: 42) argues that “religious legitimations arise from human activity, but once crystallized into complexes of meaning that become part of a religious tradition they can attain a measure of autonomy as against this activity. Indeed, they may then act back upon actions in everyday life, transforming the latter, sometimes radically.” On the one hand, religion and religious traditions are built by people but at the same time, religion influences men and their everyday lives. In this paper we examine the impact of Islamic religion, on everyday business life of Islamic entrepreneurs.

Little research has been done yet to the impact of religious belief of Islamic entrepreneurs in European countries. A recent study in this field of research has been conducted by Arslan (2001). Arslan examined the work ethic characteristics of Muslim managers in Turkey and compared them to the work ethic characteristics of Protestant and Catholic managers in Britain and Ireland, respectively. This was done within the framework of Weber’s Protestant Work Ethic (PWE). The findings revealed that the Muslim group showed the highest PWE level. The Protestant group was placed second and the Catholic group third. This kind of research provides insight into the role of Islam as a driving force to the behaviour of its adherents. In the Netherlands, there has been a discussion for quite some time now about the Islamic religion and its adherents. People think that the Islamic religion is not and cannot be compatible with the Dutch liberal way of living.

In this paper we examine the influence of the Islamic religion on the level of socially responsible business conduct (SRBC)² of Islamic businessmen. We aim to answer two research questions. First, we examine to what extent Islamic business ethics correspond with the principles of SRBC that are seen as generally accepted business ethical principles in The Netherlands. To this end, we describe the Islamic business values and virtues and relate these to the concept of SRBC. On the one hand, we expect a high level of agreement between the Islamic business principles and the principles of SRBC because important Islamic values in business, such as freedom, justice, honesty and servitude (Abeng, 1997; Khaliq & Abdulhasan 2001; Mushtaq 1995; Naqvi 1981; Uddin 2003) are similar to the values within the concept of SRBC. But, on the other hand, we expect also some disagreement in the practical interpretation of business ethical values. For example, according to the group of takfir wa-’l-Hidjra, servitude is limited to those who belong to the own group and does not

concern non-Muslims or Muslims belonging to other groups (Ljamai 2005). This diverges from the principles of SRBC stressing the equality of all people.

Second, we aim to provide insight in the influence of the Islamic religion in the daily business practices of entrepreneurs with an Islamic background. To research this relationship between the Islamic religion and SRBC empirically, a questionnaire has been developed and distributed among Islamic businessmen. In this questionnaire several elements of the Islamic religion are specified: the importance of Islamic values and norms for daily practice, the belief in a hereafter, the view of the nature of humans and the intensity of religious practices. These elements are related to various aspects of SRBC.

The contents of the paper are as follows. First, we describe important Islamic business values and virtues derived from the religious sources of the Islam. Next, we present the methodology and the questionnaire and describe the sample. Section 4 presents the outcomes of the questionnaire. Section 5 investigates the relationship between several aspects of the religion of the Islamic entrepreneurs and their view of and contribution to SRBC. Section 6 summarizes the main outcomes.

Islamic business values and SRBC

In this section we discuss the Islamic business values and virtues. To answer the first research question, namely to what extent does Islamic business ethics agrees with generally accepted business principle in The Netherlands, these values and virtues are compared to the principles of SRBC.

Business values

According to Islam, the purpose of man is to live his life in submission and obedience to Allah. He is supposed to fulfil this purpose within the ethical framework devised by Allah. The Quran states that Allah is the one and only creator of this universe who is worthy of worship. Man forms only a small part of it but nevertheless man is awarded a unique and distinctive position by Allah as he created him to be the khalifat Allah or the vicegerent of Allah on earth. As such he is entrusted with the responsibility of realising the divine will in this world in the moral domain (Mushtaq Ahmed 1995).

In Islam, business is considered to be an important aspect of life. An indication of this is that business is even allowed during the pilgrimage to Mecca. The Islamic sources of guidance provide a description of the appropriate ethical considerations when engaged in business. The core values in business life are freedom and justice (Mushtaq Ahmed 1995).

The principle of freedom holds that individuals as trustees of Allah have the God-given right to own property and make personal decisions regarding their own property within the limits set forth by the Islamic law or shariah. Activities like gambling, lotteries and races are considered actions that result in the unjustified appropriation of other people's belongings and are thus forbidden. Another condition of freedom in business is the presence of mutual consent, which requires the contracting parties to be in complete agreement with the transaction at hand. A

transaction lives up to the condition of mutual consent if the transaction is concluded under volition, honesty and truthfulness instead of coercion, fraud or lying.

Freedom is closely connected to justice, the second principle. Justice includes the fulfilment of promises, pacts and contracts. Muslims should be honest, sincere and truthful in their business dealings and ensure exactness in terms of promised product specifications such as weights, measures and other attributes (Tuinen der oprechten 1995). Islam condemns cheating and lying and commands businessmen to be straightforward in all their dealings and transactions. Furthermore, justice forbids payment of equal wages for unequal labour as well as the payment of unequal wages for equal work based on gender (Mushtaq Ahmed 1995). Hiring people should be based on the required merit and competence for the job. Priority should be given to those that excel in the competencies required for the job; nepotism is forbidden. Finally, justice in Islam also includes the equitable distribution of wealth. Although inequality in terms of wealth is justified, each member of society has the right to be provided with the basic needs regardless of a man's race, religion, language, colour, sex, age, health and status. The system of distribution depends on voluntary charitable acts (infaq), condemnation of concentration of wealth and hoarding and various formal institutions that serve as distribution channels (Abeng 1997). Infaq emphasises benevolence by voluntarily spending one's wealth on the poor and the needy, while the various institutions are considered as formal obligations for all Muslims. The most important institution for the equitable distribution of wealth is the alms tax (zakat). It is one of the pillars of Islam that requires each Muslim to pay a fixed minimum percentage over his or her wealth, property as well as earnings, to the poor and the needy.

Business virtues

Besides the values of freedom and justice Islam also prescribes specific virtues and manners that suit a Muslim businessman.

A first important virtue is leniency (Abeng 1997). A lenient person is polite and friendly in his speech as well as in his dealings with other people. Politeness is considered to be a necessary condition for the establishment of goodwill and mutual trust. Leniency also requires a person to be forgiving towards people. Having a positive attitude towards people even when they treat you badly is highly appreciated in Islam. In addition, leniency includes the provision of help and service to those that need it without any thought or expectation of compensation. Being helpful to those in need without expecting something back requires one to be moderate, beneficent and sharing. Finally, leniency in Islam means that you help and relief people, who are in trouble or meet hardship. This refers to the Islamic code of brotherhood, which encourages Muslims to maintain good relationship with fellow humans. In business, for example, a creditor is expected to be lenient towards debtors that are not able to meet their payments by providing them with additional time or even by remitting their debt. In addition, brotherhood in the workplace leads to teamwork, favourable working conditions as well as an increase in efficiency and productivity.

A related virtue is servitude. A Muslim businessman should be driven by a service motive instead of a profit motive. In other words, his primary objective should

be to provide a needed service to the community. He has to be benevolent by taking into consideration the needs and interest of other people in pursuit of personal gains by providing help free of charge if necessary, by spending one's wealth on other people and by supporting activities that are good and beneficial to the whole of society. This includes the protection of the environment. Nature is described as an 'open book', a second revelation from God, which anybody who has cultivated the necessary knowledge and discipline could read (Mohd Kamal Hasan 2001). As vicegerents of Allah, Muslims are encouraged to utilise the natural resources made available to them in a socially responsible manner. They are not allowed to destroy or cause damage to the environment in the process of conducting their business.

Third, a Muslim has to conduct his business in the name of Allah. He should constantly be conscious of His presence and not let business engagements interfere with his spiritual duties. This implies, for example, that he must interrupt his business activity at the time of prayers.

Relationship between the Islamic business values and virtues and SRBC

The business values and virtues of Islam show several similarities with the concept of SRBC. The fundamental idea underlying the concept of SRBC is the belief that business organizations have a broader responsibility than traditionally assumed. According to the neoclassical view of the conduct of business especially stressed by Friedman (1970), business organizations are to attend to the interests of their shareholders. As such their primary responsibility is to increase shareholder value through the continuous maximization of profits. SRBC, on the other hand, implies that business organizations have a responsibility that goes beyond the maximization of profits. The common idea put forward in various definitions of SRBC is that companies should conduct their business in a manner, which demonstrates consideration for the broader social environment in order to serve constructively the needs of society, to the satisfaction of society³. This means that business organizations are assumed to have a responsibility for all those affected by their activities. In other words, business organizations have to take into consideration the interests of different parties beside its shareholders. This has been translated in the Triple P Bottom Line concept of conducting business, meaning that business organizations have to consider the effects of company decision-making and subsequent policy on profit, people and planet (Elkington 1997).

This view of business appears to highly correspond with the view of business in Islam. For example, as described above, entrepreneurs and business organizations should primarily be driven by a service motive instead of a profit motive indicating that their primary objective should be to provide a needed product or service to benefit society. They are supposed to take into consideration the needs and interest of other people by supporting activities that are good and beneficial to the whole of society. As we have seen, this naturally also includes a concern for the environment. Furthermore, both the SRBC view and Islamic view of business imply that a business organization is obligated to pay attention to the well being of its employees. Their working environment has to be safe and healthy. The company has to take their interests and needs into consideration. This also holds for the

customers. Customers have to be treated with respect and kept satisfied through the delivery of high quality products and services. This respectful treatment extends to all other stakeholders.

However, there are also notable differences between the Islamic view of business and the concept of SRBC. First, the concept of SRBC tends to leave much of the realization of socially responsible activities that go beyond the law, to the discretion of individual business organizations and their corporate executives. Companies individually decide how to fulfill their duties regarding SRBC. This may be through the adoption of instruments such as a code of conduct, ethical committees and social and ethical accounting, auditing and reporting (Graafland et al. 2003). In contrast, Islam has laid down strict rules and regulations for anyone engaged in business. For example, Islam has specified strict rules and guidelines concerning the establishment of partnerships, treatment of employees, dealing with suppliers, making donations to charity and the appropriate characteristics and behaviour of a businessman that anyone engaged in business has to adhere to (Mushtaq Ahmed, 1995).

Another difference is that Islam forbids specific business activities that are believed to be harmful for individuals and/or society as a whole. Islam for instance forbids the trade in commodities such as alcohol, pork and gambling. These business activities are strictly forbidden and lack the blessings of Allah. In Islam there is no separation between a person and the business that person represents or conducts (Uddin, 2003). Within the concept of SRBC there are also some kinds of business that are not accepted as social responsible activities, for example the production of weapons or the prostitution industry, but this is far less specific and restrictive as it is within Islam.

Finally, it should be noted that the interpretation of Islamic business values may differ widely. According to Tariq Ramadan (2004), Islam has no central authority, which allows for a diversity of interpretations. Although all Muslims share the five pillars of the Muslim faith, there is space for much more differentiation in the social sphere. For example, according to the group of takfir wa-'l-Hidjra, servitude is limited to those who belong to the own group and does not concern non-Muslims or Muslims belonging to other groups (Ljamai 2005). In contrast, Al-Qaradawi, a popular scholar in the community of Muslims in the Netherlands and chairman of the European council for fatwa's and research, stated that the Muslim entrepreneur should contribute to society at large (al-Qaradawi 1981). There are different interpretations of the restrictions that limit business dealings. Muslims differ, for example, with respect to the interpretation of the prohibition of usury (Siddiqi 1981; Chapra 1979). According to the Salafites (who base their statements on Ibn Taymiyya) Muslim businessmen are not allowed to demand or pay interest as a consequence of the prohibition of usury (Dassetto 1988). In contrast, Süleyman Uludağ (1988), says that those who insist on banning interest are guilty of misinterpreting the Koran, which bans not interest but usury, or exorbitant interest. Moreover, those who use an array of ruses that provide ways around the prohibition are guilty of promoting dishonesty and hypocrisy, which is a serious crime against

Islam according to Uludağ, because Islam stands for truthfulness. Another example of different interpretations is zakat. By tradition, the beneficiaries of zakat include the poor, the handicapped and other disadvantaged groups. However, since the Koran provides only the broadest guidelines, the implementation of zakat in modern society leaves ample room for different interpretations, particularly in the context of Western societies where zakat is voluntary.

Methodology and data

This research is set out to empirically investigate the influence of specific elements of the Islamic religion on socially responsible business behaviour of Dutch entrepreneurs. This investigation is rather exploratory in nature as it is 'an attempt to explore new areas of organizational research' (Sekaran 2000). In this paragraph we describe the methodology and sample we used to empirically examine the relationship between Islamic religion and SRBC.

Focus of analysis

Over the years, a multitude of descriptive models have been presented in order to examine the decision-making process of managers with respect to their ethical and socially responsible behaviour in business organisations (Jones 1991; Rest 1986; Trevino 1986). The influential factors proposed in the various models have been summarised under the different headings of organisational, societal and personal factors (Paolillo & Vitell 2002). In this paper, we focus on the third element, personal factors. The models on ethical decision-making all specify a large number of different personal factors that are considered influential on ethical behaviour of managers. These include factors determined by birth such as nationality, gender, age but also factors that result from one's human development and socialisation process such as personality and religion (Ford & Richardson 1994). Also Daft (2001) states that: "*the family backgrounds and spiritual values of managers provide principles by which they carry out their business*". In this paper we research four dimensions of the religion of Islamic entrepreneurs.

- The role of Islamic values and norms in shaping the values and norms of Islamic entrepreneurs. If an Islamic entrepreneur strongly clings to the values of the Islam, this may influence the personal contribution to SRBC. If the specific Islamic values are similar to the values of SRBC, the personal contribution to SRBC will be high. If the values are strongly different compared to the values of SRBC, the commitment to the concept of SRBC and the personal contribution to SRBC will be low.
- The orientation towards the hereafter. According to Tropman (1995), the different attitudes of entrepreneurs towards money, work and ethics is related to what he calls the heavenly calculus. A business manager, who, for example, believes in heaven as reward and hell as punishment could be expected to have an additional incentive to do well and thus to contribute to SRBC.

- The view of human nature. These views may also impact the view of SRBC or the personal contribution to SRBC. For example, if an entrepreneur has a pessimistic view of the ability of man to do well, he may also lower the moral standards for judging his own behaviour. Furthermore, if he believes man is an individualistic rather than a social being, he will probably be more sceptical about the possibility to implement SRBC and this may also diminish his motivation to be actively involved with it.
- The intensity of participation in religious practises. According to Weaver and Agle (2002), the influence of religion on behaviour is related to identity salience. The salience of the religious identity is probably related to the intensity of various kinds of religious practices, such as the intensity of praying, participation in communal religious activities and study of religious books.

Questionnaire

The data required for this research is collected by means of a questionnaire. Questionnaires are said to reduce bias because of the uniform question presentation and no middleman bias as in the case of face-to-face interviews (Walonick 2000). A disadvantage, however, is the social desirability response-bias, where respondents give answers that are believed to be socially more desirable or politically correct. To minimize the impact of the social desirability bias the questionnaires were filled in anonymous.

The questionnaire is composed of two parts (see appendix 1). The first part consists of eleven questions about the manager's religious belief and participation in religious activities and one open question. Table 1 presents a classification of the aspects of religious belief and intensity. The second part of the questionnaire consists of nineteen questions about SRBC. The questions concern:

- the strategic view of SRBC as a general concept;
- the importance of specific aspects of SRBC related to seven types of stakeholders (employees, suppliers, customers, entrepreneurs, competitors, government, the general public) as well as the importance of the environment and social projects in the local situation, worldwide and within the Islamic community; and
- the personal contribution of the manager to SRBC.

A five-point interval scale was used to measure the responses to the various items relating to SRBC. The interval scale is a powerful measurement tool that taps the differences, the order and the equality of the magnitude of the differences in the variable (Sekaran 2000).

INSERT TABLE 1 ABOUT HERE

The answers of the questionnaires were analysed by means of the SPSS 12.0 software package. In order to analyse the outcomes pertaining to the Islamic religion, the answers to question 1-11 in the questionnaire are transformed from an ordinal to an interval scale. The rescaling allows for a representation of the extent and/or magnitude of the importance of each answer (Sekaran 2000). The answers have been assigned a value ranging from 0 to 1. For a classification, see Table 1.

Sample

The sampling method used in this research is non-probability sampling, meaning that the '*elements in the population had no probabilities attached to their being chosen as sample subjects*' (Sekaran 2000, p. 277). Non-probability sampling distinguishes between two types and the type used here is purposive sampling and judgement sampling, because the required information had to be obtained from a specific target group, namely Islamic entrepreneurs. Because there exists no database that registers entrepreneurs based on their religion, the target group is selected on the basis of ethnic affiliation or country of origin. Entrepreneurs with Moroccan, Turkish or Middle Eastern backgrounds were first contacted by telephone to request for their participation. Addresses were found via the Internet. The entrepreneurs that were willing to co-operate were sent the questionnaire either by mail, fax or email depending on their own preference.

The sample in this study consists of fifty individual entrepreneurs in the Netherlands who consider Islam as their personal religion⁴. Two questionnaires were found unusable for final analysis. The sample is made up of business managers, who operate in different sectors in different areas across The Netherlands. These include the food, retail, general and financial services, travel, advertising, cleaning, consultancy, real estate and employment sector. The businesses are mostly privately (family) owned. However, the sample also includes limited and contractual partnerships. The average employee ratio across the sample is five. Most entrepreneurs in the sample have a double nationality; the majority has either a Moroccan/Dutch or a Turkish/Dutch nationality. Other nationalities include the Afghan and Tunisian nationality. The average age of the entrepreneurs is 35 years and the large majority is male. The sample includes five women.

Outcomes of the questionnaire

Before investigating the relationship between the Islamic religion and SRBC, the religion, the view of SRBC and the personal contribution to SRBC of the entrepreneurs in the sample will be described in below.

Religious belief and participation in religious practices

Table 2 displays the respondents' scores on various aspects of religious belief. All participants believe in Allah and the revelation of His will to mankind by means of the Quran. A possible explanation for this uniformity in answer may be that belief in these aspects, especially the belief in Allah, is one of the primary requisites ordained by the Islam. The denial of this exclusiveness is considered the worst sin in Islam, a sin that can and will not be forgiven (Waardenburg 1997).

Nevertheless, almost half of the respondents indicate that the values and norms they ascribe to in daily practice are only in part derived from the Islamic religion. The other part consists of values and norms they have personally developed and that are independent from the values and norms dictated by Islam. 12,8% of the respondents even feel that all the values and norms they uphold in daily life are a product of personal reflection and consideration. This outcome is quite striking since Islam is rather clear about the expectations it has of its adherents. Except for religious obligations, the Islamic religion permeates every aspect of a Muslim's life with rules and regulations that guide behavior, food and dress codes, marriage and family rituals and economic transactions. This obviously leaves little room for developing one's own personal standards for living. An explanation for these outcomes may be that Muslim business managers in a non-Muslim society are exposed to different forces of influence that have an impact on the way they shape the values and norms they live by.

INSERT TABLE 2 ABOUT HERE

The respondents were also asked whether the Islamic values and norms are clear and applicable to the daily practise of business. A large majority agrees with this statement, only 11% takes a neutral position and another 11% disagrees with this statement.

The respondents score also very unanimous in their belief in a hereafter. This is in accordance to the official teaching that the hereafter consists of a paradise as well as a hell. Believe in the final Day of Judgment even constitutes one of the articles of faith. On this day, Allah will pass judgment on man to determine the merits of each. So the believe in a heaven and a hell is an important aspect of Islam as it works as a control mechanism.

Contrary to Islamic teachings that preach the natural goodness of man, the majority indicates that they believe that man has en equal tendency to be good and evil. The deviation in official and actual view of human nature is also shown in the score on the view of human beings as social or individual beings. Whereas Islam teaches that man is a social being, the results show that the majority seems to think human beings have an equal social and individual inclination. A reason for these

deviations in belief from Islamic teachings may be that the managers' experiences in the Netherlands have made them think differently and that when it comes to such practical aspects of Islam man tends to draw from their personal experiences.

Most respondents pray daily. The reason for this may be that prayer constitutes the second pillar of Islam and is an obligation for all Muslims. Only 8,3% indicate that they do not pray at all. The remainder of the sample does not pray regularly but once in a while, for example on religious occasions. We also asked the respondents if they pray because it is an obligation towards Allah or because it offers fulfilment or because of both reasons. Of all respondents, 72.7% perceives praying as an obligation towards Allah as well as an activity that offers internal fulfilment.⁵

Furthermore, 93,8% of all respondents attends the mosque. More than 50% of the respondents visit the mosque on a weekly basis. The participation in other communal activities on account of the Islamic religion that take place outside the mosque, such as lectures and debates about Islam, is less common. The difference in frequency between the two might be related to the more or less obligatory character of attending communal prayers at the mosque. A prayer performed at the mosque receives a higher reward as opposed to when it is prayed alone. In addition, in Islamic communities the mosque may also serve as an important meeting place.

The respondents score rather high on the intensity of religious study of Islam. 68,8% of the respondents indicates that they engage in religious study through the Quran and other books written about Islam. 20,8% of these respondents only uses the Quran for religious study. Acquiring knowledge (especially about Islam) is considered very important for a Muslim.

View of SRBC

The view of SRBC is comprised of several statements intended to measure the way the business managers regard SRBC. Table 3 displays the average scores of the respondents on these different statements.

The upper part of Table 3 shows that the respondents believe that SRBC enhances the long-term profitability of a company. At the same time they consider SRBC a moral obligation towards society, which might indicate an intrinsic motivation for socially responsible behaviour. The majority agrees that SRBC should be integrated in the company's strategy. However, the respondents tend to agree that SRBC should not cost a company more than it returns. If we compare with a similar research among a group of 18 non-Muslim executives investigated by Graafland et al. (2006), the outcomes are quite similar, except for the incorporation of SRBC in the company's strategy. The non-Muslim managers are more convinced that SRBC should be incorporated in the company's strategy.

The second part of Table 3 presents the respondent's view of the importance of specific elements of the Dutch concept of SRBC. The results indicate that the respondents highly value good stakeholder relations. The importance attached to the different stakeholders is rather high. Only the avoidance of dealings that reduce competition is not fully supported by most respondents. This may be due to the fact that the companies in the sample are small size companies that have not had much experience with anti-competitive dealings so far. Table 3 further shows that the Muslim entrepreneurs attach a remarkable high value to the natural environment, which is also a very important goal in the Dutch concept of SRBC. They state that efforts to reduce waste and pollution are important.

Contributing to social projects is also considered to be important, but the results show some variation in the degree of importance attached to the different groups mentioned in the table. The business managers seem to attach the most importance to social projects in the own Islamic community followed by their local community and least importance to social projects in developing countries. This difference may be due to a stronger connection with the own religious community as opposed to the local community or communities of people in developing countries. This is not strange considering that altruistic and philanthropic acts are usually directed towards causes that people are most sympathetic to. Furthermore, Islam preaches a strong sense of solidarity among Muslims. Contribution to social projects within the Muslim community can include donations to the less fortunate, Islamic charity or investments in building mosques.

The outcomes do not indicate that the concept of SRBC employed by the Islamic respondents differs significantly from the SRBC orientation of non-Muslim managers. If we compare the results reported in the first and third columns, the Muslim managers put more weight to all the aspects of SRBC.

INSERT TABLE 3 ABOUT HERE

Personal contribution to SRBC

Table 4 displays the results that concern the business manager's personal contribution to SRBC within his company. Something that immediately stands out when we compare Table 4 with Table 3 is that the average scores on the view of SRBC (Table 3) and the importance attached to several stakeholder-related aspects of SRBC (Table 3) are substantially higher than the average score of the respondents' personal contribution to SRBC (Table 4). Also if we compare with the group of non-Muslim executives researched by Graafland et al. (2006), the Muslim

respondents appear to be less actively involved with SRBC. This outcome is also confirmed if we compare the results with a recent research among 60 entrepreneurs with small companies (of equal size as the companies researched in this article) compiled from a large questionnaire with 450 Dutch respondents⁶. Again, whereas the view of SRBC is very similar between the Muslim group and the non-Muslim group, the gap between the view of SRBC and the own contribution to SRBC appears to be much larger for the Muslim group (see Table 5).

This implies that the respondents think very positive about the concept of SRBC and the importance of realizing the several themes of SRBC within their businesses and their business dealings. But when it comes to actually making an effort to promote and implement SRBC inside the company, they seem to lag behind. This result is reinforced by the result that the respondents indicate a rather hesitant attitude about the costs involved with SRBC and the position SRBC activities should occupy in the company.

INSERT TABLE 4 ABOUT HERE

These results may have different explanations. First, the concept of SRBC might still be an abstract notion for many of the entrepreneurs in the sample in the sense that they have not had any experience with concrete issues of SRBC. Second, the sample under investigation here includes small businesses and their owners might be under the assumption that SRBC is something that does not apply to them and takes place outside their sphere. This was also mentioned by some of the respondents when they were asked to cooperate in the research. A frequent comment was that they did not believe that a research about SRBC applied to them. A third explanation is that the respondent's response to the questions about the view and importance of SRBC is more subject to socially desirable answers than the response to the question about the personal contribution to SRBC. A fourth explanation is that the Muslim entrepreneurs lack the institutional infrastructure necessary to promote business concepts such as SRBC. Non-Muslim entrepreneurs are often member of employer's organisations that inform their members about SRBC and stimulate them to apply the SRBC concepts in their own companies. Muslim entrepreneurs are relatively less organised. A possible consequence could be that these entrepreneurs are less informed about particular business matters such as SRBC and are therefore less actively involved.

INSERT TABLE 5 ABOUT HERE

Relationship between Islamic religion and SRBC

In this section we investigate the relationship between religious belief and practices of Islamic entrepreneurs and their view of and involvement with SRBC. Before analysing this relationship, we first cluster the responses to both parts of the questionnaire. The clustering occurred on the basis of inter item correlation through the calculation of the Cronbach's Alpha. The Cronbach's Alpha is a reliable measure for the degree to which independent items measure the same concept. The higher the coefficient, the more the items "hang together as a set" (Sekaran 2000, p.206). A general rule is that inter-item reliability should be at least 0.60 (De Heus et al. 1995).

Next, we present correlation statistics between the clustered responses. The mutual relationships have been calculated with a Pearson's correlation matrix. A Pearson's correlation matrix shows how one variable is related to another. That is, it will indicate the direction, strength, and significance of the bivariate relationships of the variables (Sekaran 2000).

Clustering

Table 6 displays the results of the clustering analysis. It shows that the responses to the intensity of religious practises measured by questions 3, 5, 6 and 7 can be clustered in one variable. When we added the response to question 4 about the motive of praying, the Cronbach's Alpha declined to a value below .60. Therefore, we did not include this variable in this cluster. Also the responses to the two questions 8 and 9 about the view of human nature were highly related and could be clustered: Muslim entrepreneurs believing that mankind is inclined to do well also believe in the social nature of human beings.

The view of SRBC and the personal contribution can be clustered in 3 variables. First, the response to the strategic and moral view of SRBC (question 13, 14 and 17) can be clustered in one variable. If we included the responses to questions 15 and 16, the Cronbach's Alpha declined from .73 to .63. Because this is a considerable decline and because we come very close to the limit of .60 we excluded these responses from the clustered variable about the strategic view of SRBC. Second, the responses regarding the importance of several stakeholder related aspects can be clustered into one variable. Finally, we find that the responses to the three questions about the personal contribution to SRBC are highly related and can be easily clustered in one variable.

INSERT TABLE 6 ABOUT HERE

Correlation analysis between religion and SRBC

As noted above, questions 1, 3, 4 and 8 show too little variation for correlation analysis. Together with the two clusters of the intensity of religious practices and view of human nature, this leaves three variables for the Islamic religion (source of values and norms, view of human nature and the intensity of religious practice) which we correlate with the three clusters of SRBC (view of SRBC, importance of specific SRBC aspects and personal contribution to SRBC).

Table 7 displays the bivariate relationships between the (clustered) aspects of the respondents' religious belief and the various (clustered) aspects of SRBC. The bold-faced numbers in the table indicate a significant correlation between the variables.

Table 7 shows a significant relationship between two aspects of the religion of Muslim entrepreneurs and SRBC. First, we find a positive significant relationship between the source of the respondents' values and norms and the personal contribution to SRBC. Apparently, values and norms derived from the Islamic religion motivate business managers to contribute more to SRBC, whereas individually developed values and norms lead to a lesser contribution to SRBC. This strong involvement may be the result of a stronger value attached to the values and norms preached by Islam about among other things a proper business conduct. This strong involvement has to do with the fact that 'the Muslim leads his life knowing that this world is not permanent, rather it is a transitory to the eternal life, and a supply station, and a starting point of a race to win the pleasure of Allah' (Al-Lahim 2004).

The source of the entrepreneurs' values and norms is also positively related to the importance they attach to specific SRBC aspects. This means that values and norms derived from the Islamic religion lead to a higher commitment to specific aspects of SRBC than individually developed values do. This may be explained by the fact that Islamic entrepreneurs are supposed to take into consideration the needs and interest of other people. Entrepreneurs who want to behave according to the Islamic values of freedom and justice will have a relatively high involvement with stakeholders such as employees, suppliers, customers, the (local) community and the natural environment.

INSERT TABLE 7 ABOUT HERE

Second, we find a significant positive relationship between the respondents' view of SRBC and the respondents' view of human nature. As we expected, the relationship is a positive one, which means that managers believing that man is in nature a social being and inclined to do well have a more positive view of SRBC. An explanation for this may be that managers, who consider man a social being, feel

more involved with what happens around them and SRBC is a concept that promotes such a social attitude. So it seems natural that these managers would support the concept of SRBC by integrating it in their company strategy.

Table 7 shows no significant relationship between SRBC and the intensity of participation in religious activities. The lack of correlation between SRBC and the intensity of participation in religious activities may indicate that it is more important *why* people attend religious activities than *how often* they attend. People may attend to religious activities because of the activities themselves (intrinsic motivation) or because of other goals like for example social contacts, business contacts or obligation (extrinsic motivation). Other research shows that people who engage in religious practice for extrinsic reasons are more likely to exhibit differences in beliefs and attitudes about secular subjects such as the proper business conduct than those who engage in religious practice for intrinsic purposes (Agle and Van Buren, 1999).

Conclusion and discussion

This paper examines the relationship between the Islamic religion and SRBC. The common idea of SRBC, namely that companies should conduct their business in a manner which demonstrates consideration for the broader social environment in order to serve constructively the needs of society, appeared to correspond with the view of business in the Islam. There are, however, also some notable differences between the Islamic view of business and the concept of SRBC. First, the Islam has laid down strict rules and regulations where SRBC leaves much of the realization of SRBC to the corporate executives themselves. Second, Islam forbids far more specific business activities (for example, trade in commodities such as pork, alcohol and gambling) than the concept of SRBC does. But it should be noted that the interpretations of Islamic values may differ widely among Muslims. Whereas some approaches limit servitude to those who belong to the own group and does not concern non-Muslims or Muslims belonging to other groups in Islam, other stress that Muslim businessmen should contribute to society at large.

To examine the relationship between Islam and SRBC empirically a questionnaire has been set out within a sample of fifty Islamic entrepreneurs in The Netherlands. The questionnaire contained questions about the Islamic belief and about the view of and contribution to SRBC of the respondents. Based on these questions we investigated the correlation between three aspects of the Islamic religion (sources of values and norms, view of human nature and the intensity of religious activities) and three aspects of SRBC (view of SRBC, importance of specific aspects of SRBC and the personal contribution to SRBC).

We find that Muslim entrepreneurs have a positive view of SRBC. They attach a higher weight to specific elements of SRBC - such as the well being of employees, respectful contact with customers, compliance to legal obligations, providing information to the general public, the natural environment and support of social

projects in the local community – than non-Muslims. On the other hand, we find that Muslims are less involved with applying SRBC in practice than non-Muslim managers.

Furthermore, correlation analysis reveals that norms and values derived from the Islamic religion motivate business managers to contribute more to SRBC, whereas individually developed norms and values lead to a lesser contribution to SRBC. This may be the result of a stronger value attached to the norms and values preached by Islam about, among other things, a proper business conduct. Values and norms derived from the Islamic religion also lead to a higher commitment to specific aspects of SRBC compared to individually developed values and norms. This may be explained by the core values of the Islamic religion, freedom and justice, that motivates entrepreneurs to take into consideration the needs and interest of other people. The analysis also reveals that the view of human nature of Islam, preaching the natural goodness of man as a social being, leads to a positive view of SRBC. This seems to be a natural consequence, because both the Islam and the concept of SRBC are based on the idea of a human as a social being, being possible to do the right thing. The analysis shows no relationship between the intensity of religious activities and SRBC. This may be because it is more important why people attend religious activities than how often they attend.

The research presented in this paper is exploratory in nature. Further research, based on these findings, should be done on a greater scale. This would allow more attention to differences between the highly diverse groups of Muslims in the Netherlands. Also other relationships can be examined, for example between the motivation of Muslim managers to participate in religious activities and their view of and contribution to SRBC.

¹ We thank the editors, Andre H.J. Nijhof and Ronald Jeurissen, and the two anonymous reviewers for their helpful feedback.

² We use 'socially responsible business conduct' (SRBC) in this paper as an overarching concept for the study of business-society relationships that can be applied both to the individual and organizational level (Bakker et al. 2005; Frooman 1997). We will focus on the individual level although, given that the participants in this research project occupy very senior positions in their firm, their individual business conduct can become part of and contribute to the conduct of the company as a whole. Since this paper focuses on actions (and their underlying motives and perceptions), we refrain from using the concept 'corporate social performance' given its focus on outcomes (Frederick 1994).

³ This can be illustrated by the following definitions of SRBC: "corporate social responsibility refers to management's obligation to set policies, make decisions and follow courses of action beyond the requirements of the law that are desirable in terms of the values and objectives of society" (Mosley et al. 1996); "corporate social responsibility means that a corporation should be held accountable for any of its actions that affect people, their communities, and their environment" (Post et al. 1996) and "corporate social responsibility is the obligation of the firm to use its resources in ways to benefit society, through committed participation as a member of society at large independent of direct gains of the company" (Kok et al., 2001).

⁴ Detailed information about the sample is presented in appendix 2.

⁵ Just as for question 1 about the belief in Allah, the lack of variation in the response to questions 3, 4 and 8 render these variables not suitable for the regression analysis in the next section.

⁶ This large questionnaire is part of an extending research titled 'Religion and socially responsible business conduct' done by J.J. Graafland, S.P. Kaptein and C. Mazereeuw. The here presented data are based on preliminary findings and are not yet published.

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Appendix 1 Questionnaire

Islamic religion

1. Can man communicate with Allah?
 - a. I believe in Allah and the revelation of His will to us by means of the Quran and that He hears our prayer.
 - b. I believe in the existence of a supernatural being but not in the ability of man to communicate with it.
 - c. I do not believe in the existence of Allah or any other divine creature.
2. The norms and values I apply in business practice:
 - a. Are based on the Islamic religion.
 - b. Are in part based on the Islamic religion and in part the result of personal considerations.
 - c. Are based on personal considerations.
3. The norms and values are clear and well applicable in practice
 - ~~b~~a. Disagree
 - ~~e~~b. Neutral
 - c. Agree
4. Do you believe in a hereafter?
 - a. Yes, I believe in a heaven and a hell
 - b. I do not believe in a hell, but I do believe in something 'good' in the afterlife.
 - c. No, life ends with death.
5. Man has a natural:
 - a. Social inclination
 - b. Social and individual inclination
 - c. Individual
6. Man has a natural tendency towards:
 - a. Good
 - b. Good and Evil
 - c. Evil
7. I pray:
 - a. On a daily basis
 - b. Once in a while, for example on religious occasions.
 - c. No (skip question 8)
8. I pray because:
 - a. It is an obligation towards God and because it offers fulfilment.
 - b. It offers fulfilment.
 - c. It is an obligation towards God.
9. I visit the mosque:
 - a. On a weekly basis
 - b. Once in a while
 - c. No
10. I participate in other communal activities as a part of my Islamic religion
 - a. On a weekly basis
 - b. Once in a while
 - c. No
11. As a Muslim I read much about Islam:
 - a. Yes, I read the Quran as well as other books about Islam
 - b. Yes, I read only the Quran
 - c. No, not at all
12. Can you give an example where your Islamic religion was decisive for your actions in your business practice? If so, can you give a short description thereof (100 words max).

Socially Responsible Business Conduct

Vision on SRBC

To what extent do you agree with the following statements (1 = completely disagree; 2= disagree; 3= neutral; 4=agree; 5=completely agree)

- 13 Our firms' own effort with respect to SRBC will have a positive influence on our trading results in the long term
- 14 To behave in a responsible way is a moral duty of businesses towards society
- 15 The costs of SRBC must not exceed the yields
- 16 SRBC mainly has to do with issues that are no part of our core business
- 17 SRBC should be integrated in our corporate strategy

Importance of specific aspects of SRBC

How much value do you attach to the realization of the following aspects in your company (1=no; 2=some; 3= quite much; 4=much; 5=very much)

- 18 Well being of workers
- 19 Showing respect to suppliers
- 20 Showing respect to customers
- 21 High profitability
- 22 Avoiding collusion
- 23 Comply to legal requirements
- 24 Offering information to the general public
- 25 Reduction of waste, use of energy or pollution from production process and/or consumption of product
- 26 Support of social projects in local environment
- 27 Support of social projects in third world
- 28 Support of social projects in Islamic community

Individual contribution to SRBC

Respond to the following questions by one of the following options: 1 = no; 2 = somewhat 3 = quite much; 4 = much; 5 = very much

- 29 Do you personally make efforts to stimulate your company's contribution to SRBC?
- 30 Did you ever take some initiatives to foster SRBC in your company?
- 31 Do other persons in your company regard you as pro-active with respect to SRBC?

Appendix 2 Sample data

Nr.	Sex	Age	Nationality	Industry	Type of business	Employees
1	Female	23	Turkish / Dutch	Employment	Private limited company	5
2	Male	47	Moroccan / Dutch	Food	One-man business	10
3	Male	35	Moroccan / Dutch	Food	Private limited company	4
4	Male	40	Dutch	Food	Private limited company	4
5	Male	27	Turkish	Retail trade	One-man business	1
6	Male	35	Turkish / Dutch	Retail trade	Limited partnership	13
7	Male	26	Turkish / Dutch	Retail trade	Limited partnership	1
8	Male	33	Moroccan	Food	One-man business	2
9	Female	28	Moroccan / Dutch	Real estate	One-man business	3
10	Male	33	Moroccan / Dutch	Financial consultancy	Private limited company	5
11	Male	37	Turkish / Dutch	Retail trade	One-man business	5
12	Female	26	Turkish / Dutch	Retail trade	One-man business	5
13	Female	28	Moroccan / Dutch	Services	One-man business	2
14	Male	40	Moroccan / Dutch	Travelling	Private limited company	3
15	Male	32	Turkish / Dutch	Automation	Private limited company	4
16	Male	27	Dutch	Food	One-man business	3
17	Male	42	Tunisian	Food	Private limited company	2
18	Male	35	Moroccan / Dutch	Consultancy	Private limited company	5
19	Male	45	Afghan	Food	One-man business	2
20	Male	34	Moroccan / Dutch	Cleaning	One-man business	4
21	Male	22	Moroccan / Dutch	Food	One-man business	5
22	Male	22	Moroccan / Dutch	Food	One-man business	5
23	Male	26	Turkish / Dutch	Financial consultancy	One-man business	2
24	Male	35	Moroccan / Dutch	Food	One-man business	5
25	Male	45	Moroccan / Dutch	Food	One-man business	1
26	Male	32	Moroccan / Dutch	Retail trade	One-man business	3
27	Female	23	Moroccan / Dutch	Food	One-man business	2
28	Male	28	Moroccan / Dutch	Retail trade	One-man business	4
29	Male	31	Moroccan / Dutch	Food	One-man business	1
30	Male	37	Turkish / Dutch	Retail trade	One-man business	4
31	Male	50	Moroccan / Dutch	Food	One-man business	4
32	Male	30	Turkish / Dutch	Retail trade	One-man business	4
33	Male	40	Turkish / Dutch	Retail trade	One-man business	3
34	Male	50	Moroccan / Dutch	Food	Private limited company	6
35	Male	40	Moroccan	Financial consultancy	Private limited company	6
36	Male	35	Moroccan / Dutch	Food	One-man business	5
37	Male	33	Turkish / Dutch	Real estate	One-man business	2
38	Male	38	Turkish / Dutch	Advertising	One-man business	2
39	Male	43	Turkish / Dutch	Employment	Private limited company	25
40	Male	39	Turkish / Dutch	Food	One-man business	7
41	Male	45	Turkish / Dutch	Retail trade	One-man business	3
42	Male	43	Dutch	Food	Private limited company	5
43	Male	42	Turkish / Dutch	Retail trade	One-man business	2
44	Male	34	Turkish / Dutch	Food	Private limited company	8
45	Male	30	Turkish / Dutch	Advertising	One-man business	6
46	Male	32	Turkish / Dutch	Financial consultancy	Private limited company	3
47	Male	36	Moroccan / Dutch	Travelling	One-man business	4
48	Male	37	Turkish / Dutch	Food	Private limited company	9

Table 1 Classification of aspects of religious belief and intensity of religious practices

Subject (Question number)	Answer options		
	value: 1	1/2	0
Belief in Allah/ communication possible (1)	yes/yes	yes/no	no/no
Source of norms and values (2)	Islam	Both	Man
Islamic norms relevant to practice (3)	agree	neutral	disagree
Belief in hereafter (4)	Heaven and hell	Heaven	No
Character of man (5)	Social	Both	Individual
Inclination of man (6)	Good	Both	Evil
Intensity of praying (7)	Daily	less	No
Motivation of praying (8)	Satisfaction	both	obligation
Mosque attendance (9)	Weekly	less	No
Participation in other activities (10)	Weekly	less	No
Religious study (11)	Quran and other books	Only Quran	No

Table 2 Religious belief and intensity of religious practices of respondents

Question	Average score	% respondents with value 1	% respondents with value 0.5	% respondents with value 0
1 Belief in Allah	1,00	100	0	0
2 Source of values norms	0,64	40,4	46,8	12,8
3 Relevance in practice	0,84	78,3	10,9	10,9
4 Belief in a hereafter	0,99	97,9	2,1	0
5 Social character	0,70	43,8	52,1	4,2
6 Inclination to be good	0,69	41,7	54,2	4,2
7 Intensity of prayer	0,78	64,6	27,1	8,3
8 Motivation to prayer	0,57	20,5	72,7	6,8
9 Mosque attendance	0,72	52,1	41,7	6,3
10 Other communal activities	0,46	25,0	58,3	16,7
11 Religious study	0,79	68,8	20,8	10,4

The scores vary from 0 (lowest value) to 1 (highest value).

Table 3 View of SRBC

	Average score	Standard deviation	Average score Non-Muslims^c
Strategic and moral dimension of SRBC^a			
SRBC has a positive long term effect on profitability	3.96	1.031	3.85
SRBC is a moral obligation towards society	3.98	.978	4.10
SRBC should not cost the company more than it returns	3.55	1.157	3.60
SRBC should be incorporated in a company's strategy	3.85	.850	4.25
Importance of stakeholder related aspects of SRBC^b			
Well being of employees	4.06	.885	3.94
Respectful contact with suppliers	4.19	.734	4.05
Respectful contact with consumers	4.45	.686	4.20
Obtaining a high profit*	4.08	.846	3.70
Avoid competition-limiting agreements	3.54	1.091	3.30
Compliance with legal obligations	4.42	.739	4.10
Offering information to the general public	4.23	.840	3.95
Efforts to reduce waste and pollution resulting from the production and/or consumption process	4.02	.707	3.78
Contribution to social projects in the local community	3.72	.949	3.40
Contribution to social projects in developing countries	3.23	1.242	3.25
Contribution to social projects in the Muslim community	3.85	1.185	-

^a 1=totally disagree 2=disagree 3=neutral 4=agree 5=totally agree

^b 1=none 2=slightly 3=reasonably much 4=much 5=very much

^c Group of 18 Non-Muslim entrepreneurs and managers researched in Graafland et al. (2006)

Table 4 Personal contribution to SRBC^a

	Average score	Standard dev.	Average score non-Muslim group^b
Personal efforts to improve the company's position with respect to SRBC	3.02	1.170	3.65
Undertake activities to promote SRBC within the company	2.89	1.147	3.70
Do employees consider the manager pro-active with respect to SRBC	2.81	1.116	3.20

^a 1=none 2=slightly 3=reasonably much 4=much 5=very much

^b Group of 18 Dutch executives researched in Graafland et al. (2006)

Table 5 Comparison between the Muslim and non-Muslim group^a

	Muslim group	Non-Muslim group^b
Average score for View of SRBC	3,93	3,93
Average score for Contribution to SRBC	2,91	3,32

^a 1=none 2=slightly 3=reasonably much 4=much 5=very much

^b Group of 60 entrepreneurs of small companies

Table 6 Clustering of responses

Clusters	Questions	Cronbach's Alpha
Intensity of religious practices	3,5,6,7	$\alpha = .67$
View of Human Nature	8-9	$\alpha = .73$
View of SRBC	13,14,17	$\alpha = .73$
Importance of stakeholder relations, environment and social projects in local community and developing countries	18-28	$\alpha = .82$
Personal contribution to SRBC	29-31	$\alpha = .85$

Table 7 **Pearson's correlation coefficients**

Clusters	External source of norms	View of human nature	Intensity of religious practice
View of SRBC	.279	.359*	.016
Importance of specific SRBC aspects	.362*	-.037	.284
Personal contribution to SRBC	.384**	.235	.253

Note: Pearson * $p < .05$. ** $p < .01$