



RESEARCH PAPER

Qur'anic and Confucian Concept of Corporate Social Responsibility: The New Imperative of Business Virtue

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PAPER INFO	ABSTRACT
<p>Received: May03, 2021</p> <p>Accepted: August 30, 2021</p> <p>Online: September05, 2021</p> <p>Keywords: Qur'an, Confucius, Corporate Social Responsibility, Rites, Rituals, Business Virtue</p> <p>*Corresponding Author:</p> <p>mudassar.hussain @uos.edu.pk</p>	<p>Qur'an insists the high moral practices in business where entrepreneurs are responsible to perform all obligations to them that encompass the ethical, social, legal and economic responsibility. Similarly, Confucian social responsibility also focuses on the concept of human societies as family with the notions of 'rites' and 'rituals'. The obligation of the family goes to those who belong to the class of 'rites' (entrepreneurs). This study explores the ethical practices of business within the broader frame of corporate social responsibility that elaborates Qur'anic and Confucian concept of business virtue. The definitions and earlier concepts of corporate social responsibility are not as deep rooted in culture and part of usual business practices as the Qur'anic and Confucian teachings that are in practice in all Islamic and Chinese, Japanese and Korean societies. However, businesses frequently aligned themselves into the approaches that have significant economic orientation of the market. This article argues on the significance of non-economic aspects encompass by the business organization toward ethical, social and legal aspects. The study asserts that in the societies where Qur'anic and Confucian teaching are considered as high moral standard, are 'business virtue' model that inline of corporate social responsibility that give emphasis on ethical and social aspects. However, economic aspects are market driven where 'virtue' is again in the central concept of entrepreneurship. This study discusses corporate social responsibility from theological and cultural perspective.</p>

Introduction

Muslims and Chinese had been involved in international trade for many centuries. They follow their cultural practices, business norms and teachings of Qur'an and Confucius. Qur'an insists the 'universal brotherhood' where in Muslim society, every member is knitted in a family, and their members are subject to "Will of ALLAH." And they pledged to follow the practices and sayings of Prophet Muhammad (PBUH). As He said, "everyone is responsible for his/her shepherd and should be answerable what he/she

shepherded". The religious concept of Qur'anic virtue is in line with ethical, social and legal obligation of economic organizations and individuals. However, the philosophy of Confucius mainly focuses on the concept of 'ren' and 'li'. These concepts explain the rites and rituals. If we see these terms from a wider angle, society is always a family, and each member of the family is specific in the society. According to a researcher, in present China, Confucianism is an ethical system and it could be endorsed as state-sponsored theology (Bois, 2010). The virtue in business can be accomplished in society but the presence of spiritual spirit is innovative.

After the industrial era and furthermore developments, there were several questions raised by the religious institutions on the social responsibility of different functions of the business. The prime purpose of business organization is to extend its profit. However, key question remained unanswered regarding the responsibility of business towards society. Business institutions always considered that they are working under the legal agreement and they are responsible to pay tax to the government and the government is always responsible for the working for the comfort of the society.

Idemudia (2011) explains that western countries and other concern departments, criticize the mainstream CSR in developing countries because this CSR was following business interest while local interest are being ignored. The research suggests a way to strengthen the South-centered CSR in the developing countries. So, the CSR will be the roadmap for developing countries and it will not only assist in the development of the current CSR agenda but also strengthen the CSR practices in developing nations. Similarly, other researchers Thanh & Podruzsik (2018), provide a review of CSR in developing countries, it mainly focus on Vietnam. They explained that there are still some limitations and restrictions in developing countries to implement CSR from operating environments and businesses. However, they recommend some suggestions to improve and strengthen the implementation of CSR in Vietnam and they also make a roadmap for the Vietnamese enterprises, so they get successes after applying CSR in their business.

The implication of CSR in the Muslim and Chinese world, is complex phenomenon as a social policy. Farook, & Lanis (2007) explain the challenges of corporate social responsibilities in Islamic societies. Most Muslims majority nations are struggling with the irresponsible behavior of the responsible organization, as responsible behavior always represents competitive advantages but these organizations pretend that responsible behavior is not losing market share at any cost. Similarly, Graafland & Zhang (2014) explain the CSR implication and challenges in China. They argue that CSR is much important for China in different terms. They surveyed 109 Chinese companies and found that formal implication of CSR is working as common CSR, and most importantly, CSR related to economic aspect are more visibly implanted than other social aspects of corporate social responsibility. According to them, one of the significant challenges is to implement the social and environmental impact of CSR, lacking support from government and non-governmental organizations. Chen et al. (2019), explain the perception of CSR in Muslims societies. They surveyed Pakistan and Sudan, and conclude that CSR can be applied in these Muslim countries but these CSR are meaningfully different from western or developed countries.

This presented study explains the CSR model that covers noneconomic dimensions that arise from the Islamic and Confucius social ecology. These approaches of the social aspect of Qur'an and Confucius are professed as deep rooted in culture of Islam and China, reflect as proportions of Public Relations (PR).

Emergence of CSR from Virtue

Theories of corporate social responsibilities derived from views of ethical management. These theories incline to social and ethical responsibilities of business corporates (Constantinescu & Kaptein, 2019). The teaching of these Confucius considered the golden principle of theology and life. Islamic societies are not shaped through social life. Ethical codes of conduct in Islamic society are shaped from Islamic socio-religious ethics. Whereas, secular ethics are resulting from social life (Mowlana, 1989). Practice and implication of Confucius perspective of CSR is likely to be ethical management, but there are some areas like East Asia, the people of these places like to worship Confucius. By considering both Qur'anic and Confucius's CRS perspective; the social and ethical responsibility of business has ascended from virtue. However, Qur'anic and Confucius's concept of these social responsibilities regarding business are theological and social in nature.

Many philosophies are reconsidering as part of CSR, e.g. corporate citizenship, triple bottom line, corporate social performance (CSP), and many others. Simultaneously, CSR perspectives are also linked with different levels as well such as CSR-1, CSR-2, CSR-3, and CSR-4, these levels are based on diverse approaches towards diverse responsibilities.

Different scholars define CSR as Dahlsrud (2008) defines, corporate social responsibilities are ranked in different perspectives such as social, stakeholder, environmental, voluntariness, and economic. Another scholar's Crane et al. (2008), define CSR as representative of types of corporative initiatives that are flexible and can be extended in a different place in law that has prescribed. Dahlsrud (2008), declared that according to World Business Council for Sustainable Development there are two different definitions of CSR, one is corporate environmental responsibility while the other carries a view of CSR. The environmental aspect of CSR defines the social and physical environment. Confucius's environment represents ethics that relate to social order, and everyone is responsible for their action, it has been judged by the government's-defined laws. At the same time, the Islamic environment aspect represents ethical actions of groups or individuals to achieve the blessing of ALLAH and affluence of society.

Both Islamic and Confucius points of views regarding virtue for the wellbeing of the society and they are responsible to *Khair* and *li* (Greeting as wellbeing that belong to a class of haves). This well-being needs institutional wellbeing, so it can able to develop an even framework for the policymaker. Definition of institutional version, presents the view of government. Government of United Kingdom submitted CSR framework in European Union, it is defined as:

“Corporate social responsibility recognizes voluntariness that the private sector’s wider commercial Stakeholder interests require it to manage its impact on society and the environment in the widest Environmental sense. This requires it to establish an Economic

appropriate dialogue or partnership with relevant stakeholders, be they employees, customers, investors, suppliers, or communities. CSR goes beyond legal obligations, involving voluntary, private sector-led engagement, which reflects the priorities and characteristics of each business, as well as sectoral and local factors”

Qur'anic Model of CSR

Islam is all about belief in its nature, it presents robust views on spiritual virtue. Reliance on Allah (God) is always the most significant constituent of the Islamic faith. Then holy Qur'an is an asset or virtue for the Muslims, and the whole life of Prophet Muhammad S.A.W is the guidance for these codes of conduct. Islamic point of view reveals that all the humans are the creation of God, and naturally, all the human has characteristics of good deeds. All the actions of this life will be judged, how they performed these actions either bad or good. Khurshid et al. (2014), extends the theory of Carroll and explain that the Islamic perspective also includes the social, legal, economic, and philanthropic dimensions of CSR.

Islam always encourages ethical and responsible business practices. Most importantly, Prophet Muhammad (S.A.W) also did trade in their life and characterize the best practice of ethical and responsible business for their ummah. Social wellbeing and welfare for the community is always prime position in Islamic business practices. Cause problems and risks for the societal order and human health are strictly forbidden in Islamic business practices. The Qur'an virtue explains these practices as “They ask thee concerning wine and gambling. Say: in them is a great sin, and some profit for men; but the sin is greater than the profit” (Qur'an, Part 2', p. 219).

Islamic business practices work according to the teaching of the Quran and Sunnah, Sunnah defined as life and saying of Prophet Hazrat Muhammad (S.A.W), have four basic principle such as trusteeship, trade, unity, and justice. There is no discrimination between humans regarding their color, gender, creed, and race, all human beings are considered equal and treated equally as well. “O mankind! We have created you're from a male and female, and made you into nations and tribes that you may know one another. Verily, the most honorable of you with Allah is that who has Taqwa (righteousness)” (Qur'an, 49', p.13). Equality in society is the prime factor of a responsible code of conduct in the corporation, and this conduct deals with different publics. Unity and trusteeship are a significant part of conflict resolution, it is shown in Figure 1.

Trusteeship imitates the wellbeing of society over the material contribution of corporations or individuals. While Zakat (obligatory charity) is essential for those people who can afford it and those people who have specific assists. This charity is not only for the Muslims of the society, but it contains all members of the society without any discrimination. Islam rejects the accretion of motivations of wealth and material resources; Islam believes that accrual any type of material resources brings societies in disorder, so according to the Islamic jurisprudence, there is no concept of accumulation of resources and these practices keep the cycle of ecological and social in order. Islam also asserts modernism, because modernism is based on research and knowledge. The importance of this knowledge can be estimated by the first revelation on the Prophet Muhammad (S.A.W) asserts on the significance of research and knowledge “He (God)

taught by the pen. He has taught that which he knows not. Nay! Verily, man does transgress (in beliefs and evil deeds). Because he considers himself self-sufficient.” (Qur’an, 96, p.4-7). So, Islam is also encouraging responsible business practices within the society (See Fig.1).

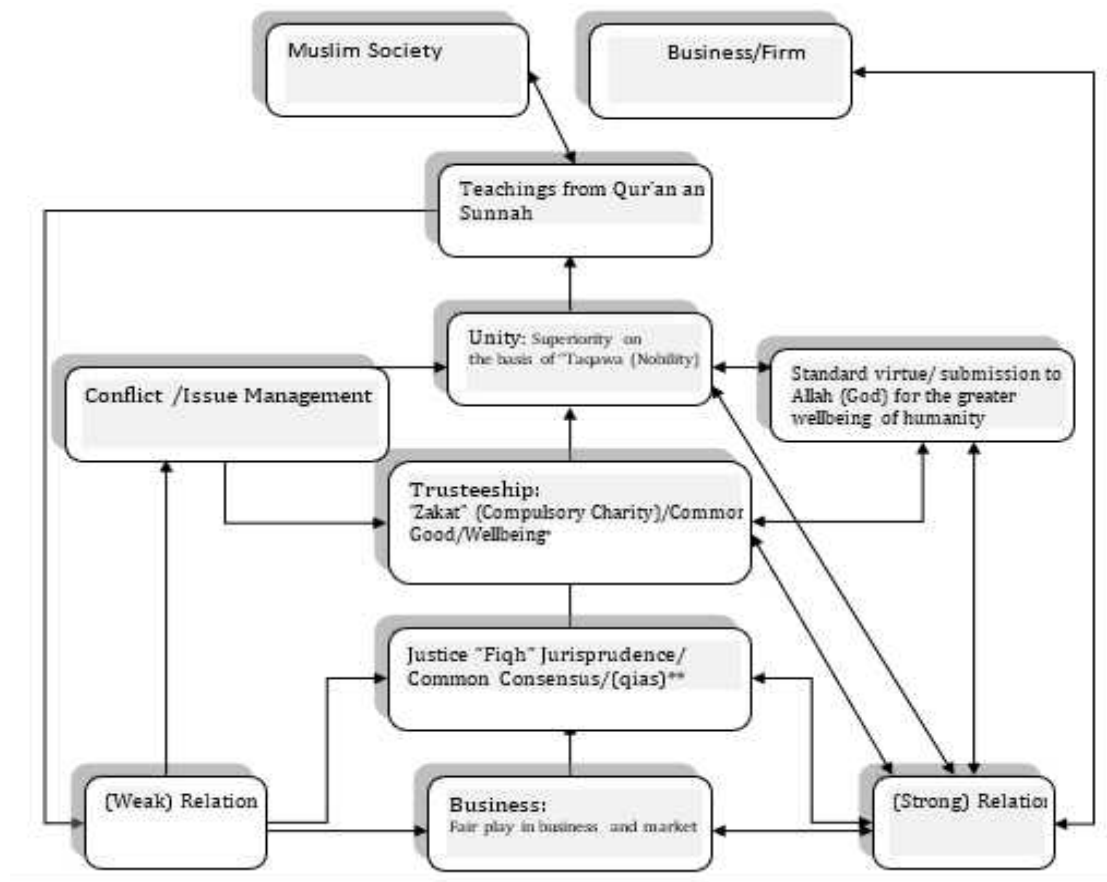


Figure 1: Qur’anic model of CSR

*Social well-being (Societal well-being, environmental well-being). ** Islamic law in accordance to Qur’an and Sunnah for human, animals and ecology concerning to social and environmental order.

In the situation of immoral or ethical business practices may cause damage the personal health and create an environmental problem and social order, while Islam always encourages justice. In the circumstances of ecological and environmental problems, justice is always on the top with the common census. Fair play is also highly encouraging in Islam for trade. All the bad evil, ideas, and practices that are damaging society are prohibited in Islam. Islam is always discouraging gambling, wine and all those things made damage society, ecology, and the environment. When any firm or organization/ corporation wants to maintain its relationship with society, the Islamic integrated model of CSR always works accordingly and produced positive outcomes. When any organization implements this model as a material dimension it makes weak relations within the society with the firm. Issue management and conflict resolution can

discourse over the element of trusteeship and unity; it will encourage the wellbeing of society. Fair play and justice in trade make a strong relationship within the society and community. This model (Figure 2) depicts the bottom-up approach expounds the relational CSR of Islamic and corporation.

Confucian Model of CSR

The core values of Confucius “ren” and “li” are constructed on material and non-material dimensions. Shukri & Abdullah (2019), argues that “ren” is developing through controlling emotion and feelings, and it’s come from personal accountability. While external behavior represents the “li” concept of the Confucius CRS. These are the terms to produce a good person in society. Business institutions of the world by law can act as a person because it is having all the rights of individuals. According to Confucius an organization or a corporation can be a gentleman or cannot be, because it is directly depending on the behavior of that corporation for the social wellbeing of society. According to Kenan (2011), distinct and stretches viewpoints of Confucius ethics are considered as a material dimension of CSR that is always important for Confucius.

Chinese relational system is different from the western relational system and western types of CSR models and public relation activities. Confucius's model provides wide range of principles of PR to adopt CSR practices. Chinese practices are based on the localization that is characterized as “li”, a scholar Fan (2002) explains the Chinese system, extensive patterns of behavior are transcribed metaphorically, these patterns are documented as authentic and appropriate code of conduct and human life. These behaviors are termed as western rites and rituals, social system, code of conduct, political system, observance, and etiquettes. In contrast, the CSR model of Carroll (1991), follow economic, ethical, philanthropy, and legal aspects that cover a proper or systematic set of responsibilities. Confucian tells that humans didn’t follow the simple behavior that comes from the constructed society they always follow the proper rules in the cooperation. According to the researcher theories of Confucian are based on the sympathetic of human nature. It is actually based on the “ren” (relational-centric behavior) that comes from the mutual understanding between the societies.

Confucius's relational paradigm is constructed by bioethics, and it is against egalitarianism, according to this paradigm, mutual relation is not helpful to solved community moral disagreement (see Fig. 2). Fan (2010), argues that Confucius labels it as a strong or thick relation when each organ of the relational paradigm is entirely functional and rites and rituals are being practiced within the community. Whereas, Confucius labels

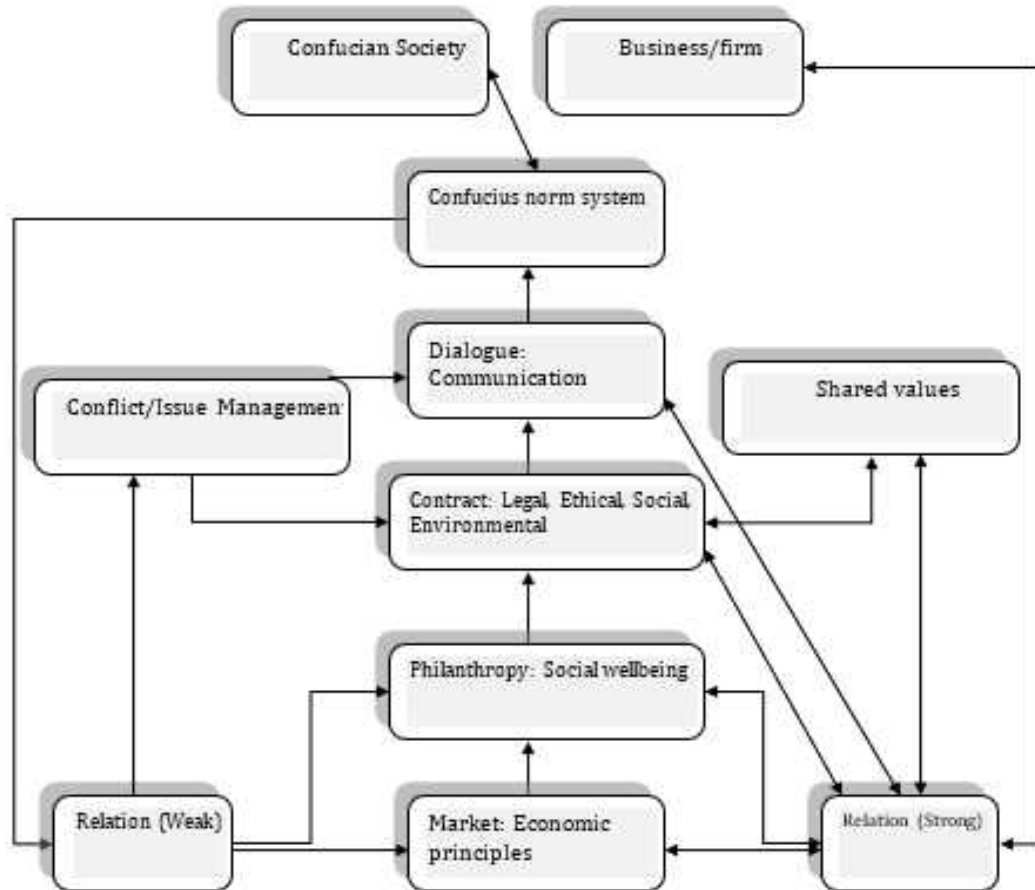


Figure2: Confucius model of CSR

are weak or thin relation when these rites and rituals are considered important within the community. Moreover, philanthropy is a concept that assists to accommodate weak relations within the community. At the same time, Confucius defines market as an independent principle that can be run by the market principle. It is obvious that if any firm wants to achieve long-term relationships they should have a practice of rites and rituals that take place under the Confucius system. These dialogues can take place that referred to as a two-way communication, and it is a responsibility to know the view of the institution and get feedback from society as well. These organizations' contracts are, just as same as the ethical and legal responsibility of CSR. Furthermore, it is defined as an environmental and social contract. The contract is also based on location, time, and need, it is an agreement of the firm for the operation and with employees, and it is also a need of an organization to do this contract according to the rules.

Philanthropy always needs cause; it can't persuade Chinese society without any cause. So it is necessary for philanthropy to function with social welfare programs for society and cause-related marketing. According to Carroll, the market is responsible for the economic aspect of CSR, this responsibility has prime concern within the society. So according to the Confucius CSR model, all market has its own norms and values that

works according to the principle of the market. But these market norms and values cannot archive long-term relations within the society

CSR in the form of public relations, is fully fitted in Confucius integrated model of public relation and CSR with rites and rituals or practiced that works according to the tradition of guest culture or local community. This model is can be practiced with the cross-district, cross-community, and culture. As we know, contracts always need causes, so cross-district defined those contracts that made according to the rituals, it can because of issues or conflict in practicing of the model and these conflict regulations led to a weak relationship. At the same time, common values and interest causes strong relationship due to philanthropy, market, legal, social, ethical and environmental contact (See fig. 2).

Conclusion

CRS and Public Relations have wide-ranging resemblance in strategic level and implication. Due to changing scenarios in culture, time, and space universal application of CSR and PR is not feasible. Nonetheless, in societies, CSR is always based on intended principles but some of them are not value or cultural oriented. Islamic and Chinese societies always provide a significant tradition of Qur'an & Sunnah and Confucius ideals; these ideologies represent both societies in such way these organization and corporation can play their significant role with local priorities. Both models of CSR not only represent the society but implication make a model for PR in a way of corporate social responsibility. Islamic and Confucius social virtue also include the different societal aspects such as ethical, legal, economic, and social, specifically when it narrates as local properties and in cultural aspect. Islamic and Confucius society also represent theological and cultural approached to cover sensitive ethical and social issues. These models significantly represent relation Corporate Social Responsibilities that include theological inspiration. It is concluded these models can accelerate the economic activities of the organizations in the Islamic and Confucius and society, these models also protect the economic interest of corporations as well. On CSR reporting typically spends on performance, surveillance, and monitoring activities, most importantly these costs can be minimized with the cultural and theological underpinnings.

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