



## **EXPLORING CSR IN *ḤALĀL* INDUSTRY: INSIGHTS FROM MALAYSIA**

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### **ABSTRACT**

The *ḥalāl* industry in Malaysia has rapidly developed at international level. Not only Muslims provide and consume *ḥalāl* products and services nowadays. In fact, it has become a profitable business as it not only fulfills the needs of Muslims but it also captures the interest of non-Muslim consumers. Among the factors for accepting *ḥalāl* products and services beside religiosity is globalization. Through globalization and technology advancement, consumers embrace new culture and preference. With growing demand for *ḥalāl* products and services focusing on *ḥalāl* certification and assurance, the *ḥalāl* industry has overlooked the importance of CSR which is important according to Islamic teachings. Therefore, this paper attempts to explore CSR understanding among consumers of *ḥalāl* industry in Malaysia. A web survey was carried out with 345 respondents in Malaysia. The results revealed that consumers are highly aware and have knowledge on CSR. Consumers believe that the *ḥalāl* industry needs to give back to society, ensure good governance and transparency besides offering quality products and services. The main motivation to perform CSR in Islām is religiosity. The study suggests that CSR may contribute to business sustainability by integrating social and economic objectives of the business as imposed in the Islamic moral economy.

Key words: Corporate social responsibility, *Ḥalāl* industry, Islamic moral economy, *Ḥalāl* products and services, *Ḥalāl* consumers

## 1. INTRODUCTION

Islām is a religion that brings *rahmatan li'l- 'ālamīn* (blessings from Allāh *subḥānahu wa ta'ālā* for all mankind) in promoting peace and tranquility (Herijanto, 2017; Mohamed and Oferinger, 2015). A Muslim is a believer of Islamic teachings who must conform to *Sharī'ah* (the Islamic law). The *Sharī'ah* is guided by four important sources which are the Holy *Qur'ān*, *ḥadīth* or sayings and actions of Prophet Muḥammad (peace be upon him), *ijmā'* or consensus of '*ulamā'* and *qiyās* or analogy. The main context according to the *Sharī'ah* is doing what is permissible (*ḥalāl*) and avoiding what is not permissible (*ḥarām*). Muslims are urged by Allāh *subḥānahu wa ta'ālā* (God) to ensure everything consumed and earned is *ḥalāl*. This is prescribed in the *Qur'ān*,

O ye who believe! Eat of the good things wherewith We have provided you, and render thanks to Allāh if it is (indeed) He whom ye worship (*Qur'ān*, 2: 172).

The concept of *ḥalāl* and *ḥarām* is different from the ethical concept of right and wrong (Shaw 2009; Wines 2008) where ethics is derived from mankind and it is subjective according to factors including time, location and culture. *Ḥalāl* and *ḥarām* is a clear cut regulation that is guided by *Sharī'ah* (Antara, Musa, and Hassan 2016; Farrag, and Hassan, 2015; Mohd Dasuqkhi et al., 2013) and by performing *ḥarām* activities, one may be punished by God. It is enlightened in the *ḥadīth*,

“*Ḥalāl* (lawful) is clear and *Ḥarām* is clear; in between these two are certain things that are suspected (*Shubha*). Many people may not know whether those items are *Ḥalāl* or *Ḥarām*. Whosoever leaves them, he is innocent towards his religion and his conscience. He is, therefore, safe. Anyone who gets involved in any of these suspected items, he may fall into the unlawful and the prohibition. This case is similar to the one who wishes to raise his animals next to a restricted area, he may step into it. Indeed, for every landlord there is a restricted area. Indeed, the restrictions of Allāh are the unlawful (*ḥarām*)” (Muslim, 2000).

The above *hadīth* shows that the importance of *halāl* and *ḥarām* is to be embedded in our daily activities including business. *Halāl* literacy influences the process of knowledge, persuasion, decision making and conformation in business transactions (Antara et al., 2016). In understanding the overarching concept of *halāl* business, it encompasses a wider perspective rather than maximizing profit and receiving legal recognition on *halāl* i.e. *halāl* certification and *halāl* assurance. *Halāl* business must also ensure ethical and integrity in order to be considered as *halāl* business as it is important to ensure the welfare of all stakeholders involved. Therefore, we need to promote and enhance Corporate Social Responsibility (CSR) in order to achieve *halāl* business sustainability and also to achieve the holistic view of *halāl*. This paper is based on a study that aims at investigating the perception of *halāl* consumers on CSR practice in *halāl* industry with the following research questions:

RQ1: What is the definition of CSR according to *halāl* consumers?

RQ2: What are the anticipated CSR activities practiced in *halāl* industries?

RQ3: What are the motivations for *halāl* consumers to engage in CSR activities?

The organization of the paper is as the following. In the next section, the literature on *halāl* industry from the global and Malaysian perspective is offered. Then, the following section provides an articulation on CSR from the western and Islamic views. The discussion on the growing awareness of CSR among *halāl* industry is presented in the next section. Section 5 describes the methodology used in the study and Section 6 deliberates on the findings. Finally, a conclusion is provided in Section 7.

## 2. THE HALĀL INDUSTRY

The *halāl* agenda has become a global trend when the market segment expanded to non-Muslims as well. The year 2017 has witnessed the growth of the global *halāl* industry, which is worth USD2.3 trillion excluding Islamic finance and the rapid annual growth rate is estimated at 20 percent as reported in the Global Islamic Finance Report (GIFR, 2017). Indeed, the Islamic consumer market became

the fastest growing market because of religiosity and global acceptance (Shah Alam, and Mohamed Sayuti, 2011). Before, Muslims consumers were only concerned about *ḥalāl* food and beverages. With the increased awareness of Islamic teachings, the *ḥalāl* regulation includes a wide spectrum of aspects and it has expanded to other industries such as pharmaceuticals and health products (Aziz et al., 2014), as well as fashion and cosmetics (Husain et al., 2012). Meanwhile, in the service sector, people are concerned about *ḥalāl* logistics (Tieman, 2013; Tieman, and Ghazali, 2014), education (Jais, 2014), tourism (El-Gohary, 2016; Henderson, 2016; Samori, and Sabtu, 2014) and financing (Antara et al., 2016; El-Gamal, 2006).

At infancy level, the *ḥalāl* industry promotes the legality of *ḥalāl* through the issuance of *ḥalāl* certificate. This certificate is an assurance that the products or services provided conform with Sharī'ah and are safe for consumption by Muslims (Badrudin et al., 2012; Yunos, Mahmood, and Mansor 2014). However, as the *ḥalāl* industry evolved, the demand for *ḥalāl* certificate to include intrinsic values such as integrity, social responsibility, permissible earnings and spending had grown. The definition of *ḥalāl* has become more specific and holistic where Muslims demand it to go beyond legal aspects.

*Halāl* industry in Malaysia is a national agenda. Malaysia has become the leading country in *ḥalāl* certification and aims at becoming the international *ḥalāl* hub in 2020. The halal market size in Malaysia is estimated to be USD1.9 billion with a huge contribution of 90% by the food industry (Global Islamic Finance Report 2017). The *ḥalāl* agenda in Malaysia is moving toward a comprehensive *ḥalāl* ecosystem initiated by the government; hence the development of eleven strategic thrusts of the global *ḥalāl* hub. The *ḥalāl* ecosystem definition includes new Muslim consumers, global *ḥalāl* standard, comprehensive *ḥalāl* ecosystem, *ḥalāl* economy, *ḥalāl* integrity and human capital (Global Islamic Finance Report 2017). Although CSR is not specifically mentioned in the dynamics of developing the thrusts, there is a dire need to address the issue of CSR in the *ḥalāl* industry as CSR articulates the socioeconomic justice in the Islamic moral economy.

### 3. CORPORATE SOCIAL RESPONSIBILITY: THE WESTERN AND ISLAMIC PERSPECTIVES

The term Corporate Social Responsibility has always been debated from many angles (Sheehy, 2014) especially when CSR has different

context across the globe (Matten, and Moon, 2008). The different aspects of CSR, as Matten and Moon (2008) described, are according to (i) intrinsic values; (ii) similar business and society characteristics; and (iii) being a dynamic phenomenon which is attributed by the systems (i.e. political, financial, education, labour) and also cultural beliefs and norms.

The history of CSR began in the 1950s where Howard Bowen or known as the Father of Corporate Social Responsibility, was acknowledged by Carroll (1991) due to his contribution in his book entitled 'Social Responsibilities of the Businessman' (Bowen, 1953). This book was the first to enlighten on business ethics and social responsibility. It became a highlight in the 1950s and 1960s on the obligation of businessmen in contributing to social welfare (Davis, 1960; Garriga, and Melé, 2004). Over the years, CSR has evolved and focused on different agenda such as corporate social performance, corporate social responsiveness and business ethics (Carroll, 1999; Garriga, and Melé, 2004). After the financial crisis in 2008, CSR has regained popularity due to retaliation against immoral financial activities. The missing link in the crisis has shown that morality in business is important (Kemper, and Martin, 2010) although during the crisis there was a drop in numbers for CSR projects (Karaibrahimoglu, 2010). Hence, CSR becomes relevant again in all aspects of business.

CSR has no universal definition as it provides different views and contexts to different people in various situations. According to Carroll (1999), CSR expresses the morality of how a business must behave in society. It relates to the social impact of business in many aspects as constructed in the ISO 26000 i.e. community involvement and development, human rights, labor practices, the environment, fair operating practices, consumer issues, and organizational governance (ISO 26000, 2010). Although CSR is not compulsory and is voluntary by nature, yet it is a 'license-to-operate a business as it contains the value of efficiency and effectiveness that leads to sustainable development' (Zinkin, 2004).

The dimensions of CSR have been illustrated by Carroll (1991) in a four-tier pyramid. From the bottom to top tier of the pyramid, these responsibilities are arranged accordingly; (i) economic responsibilities, (ii) legal responsibilities, (iii) ethical responsibilities and (iv) philanthropic responsibilities. Meanwhile, Garriga and Mele (2004) have classified CSR into four theories which are (i) instrumental, (ii) political, (iii) integrative and (iv) ethical. The theories built by Garriga and Mele (2004) fit the Carroll (1991) CSR

pyramid, suggesting that CSR practices need to satisfy the ultimate responsibility of business: economic – instrumental and legal – political; for the survival of the business. Then, as the business survives, the responsibilities are extended to more sociable values. In sum, both theories connote to the obligation of businessmen in ensuring connectivity of business and society.

Over the years, CSR has expanded its periphery to many avenues. CSR has been associated to religious aspects in improving its motivation and purpose (Brammer, Williams, and Zinkin, 2007; Mazereeuw-Van der Duijn Schouten, Graafland, and Kaptein, 2014; Pava, 1998). Religiosity is among positive factors for business to contribute to society. Therefore, CSR has also integrated with Islamic tenets due to the demand in Islamic banking and finance industry about a decade ago (Amran et al., 2017; Dusuki, 2008; Mohd Nor and Hashim, 2015; Wan Jusoh, and Ibrahim, 2017; Williams, and Zinkin, 2010).

Critics on social failure of Islamic banks have alerted Islamic economists on the important issue of morality (Asutay 2007; El-Gamal 2006). CSR from the Islamic perspective or known as Islamic CSR (iCSR) is derived according to the need of *maslaha* (public good) suggesting at sustainable development (Hamidu et al., 2015). iCSR is based on Shari'ah (Islamic law) which is articulated through the Islamic moral economy (Asutay, 2007; Mohd Nor, 2016; Platonova, 2013; Tripp, 2006).

Islamic moral economy is an adaptation of a moral economy integrating Islamic elements of *'aqidah* (faith) and *akhlāq* (morality/ethical behavior) shaping the main economic behavior. The core objective of Islamic moral economy is to accomplish social and economic justice that is against *homoeconomicus* (economic man) (Asutay, 2007). Hence, the urge to reorient CSR according to Islamic moral economy. The ultimate goal of performing iCSR is to achieve *falāḥ* (success) and happiness in the world and hereafter. Through balancing the worldly and hereafter affairs lead to the creation of a *homoIslamicus* (virtuous man). The new orientation of CSR can be achieved through realizing these axioms of Islamic moral economy which are: (i) *tawḥīd* (oneness of God), (ii) *rubūbiyyah* (oneness of the Lordship of God), (iii), *'adl wal iḥsān* (justice and beneficence), (iv) *tazkiyyah* (growth and development) and (v) *ukhuwwah* (unity and brotherhood) (Mohd Nor, Abdul Rahim, and Che Senik, 2016).

The spiritual force and intrinsic social values according to Islamic tenets are the main differences between CSR from the Islamic

perspective as compared to the western perspective (Dusuki, 2008). In addition to the fundamental concepts and axioms embraced in shaping iCSR, *homoIslamicus* is identified through the degree of *taqwā* (God consciousness) which is the spiritual force or driver that controls human decisions and actions. Hence the *taqwā*-paradigm was initiated to identify the levels of *taqwā* (God consciousness) in performing good behavior and decision making in business. There are five levels of continuum with the lowest being irresponsible behavior, minimalist, apathetic, tactical and finally *taqwā*-centric which is the highest level in the continuum (Dusuki, 2008; Mohd Nor, 2012). In sum, a good Muslim who desires to achieve the highest level in life – *taqwā*, would embrace the religiosity factor as a motivation to be blessed by God (*marḍātillāh*) and act according to society's acceptance. It is an act of obedience to God and the action performed will be accounted as '*ibādah* -- an act of worship (Rim, and Dong, 2018). In return, God will bless the worshipper with material and/or spiritual rewards. In Islām, the act of worship is not specific to the vertical relationship between man and God only; it is also in horizontal relationship between man and other creations of God (Naqvi, 2003).

#### 4. THE GROWING IMPORTANCE OF CSR IN THE ḤALĀL INDUSTRY

The increasing interest and awareness of *ḥalāl* products and services has resulting in a rapid growth of the *ḥalāl* industry worldwide including western regions such as America and Europe. Among the reasons for consuming *ḥalāl* products is the religiosity factor which ensures hygiene, safety, health products and also good taste (Ali et al., 2018; Bonne et al., 2007; Ambali, and Bakar, 2014). Further, the *ḥalāl* certified products and services also provide assurance and trust in consumer purchasing behavior (Ali et al., 2018). The *ḥalāl* logo brings a positive brand credibility which leads to trustworthiness and also field expert (Wibowo, and Ahmad, 2016). Besides selecting *ḥalāl* products because of their standard and quality, consumers also accept *ḥalāl* products and services due to globalization which has opened the doors to integration of culture and food. This dietary acculturation is a major factor influencing consumer behavior in purchasing *ḥalāl* products (Ali et al., 2018; Bonne et al., 2007; Shah Alam, and Mohamed Sayuti, 2011; Wibowo, and Ahmad, 2016). In Malaysia, *ḥalāl* business operators are eligible to receive tax incentives once

their business is *ḥalāl* certified by JAKIM (Islamic Development Department of Malaysia) (Ambali, and Bakar, 2014; Zam, Saidi and Razak, 2014). Therefore, *ḥalāl* concept must shift beyond fulfilling the legal aspects i.e. assurance and certification of product and services; it must embrace the ethical and spiritual aspects from the beginning up to the end of the process.

As the *ḥalāl* industry stems from Islamic law and regulations, it should also encompass every aspect of business that should not only focus on profit making but with providing sustainable benefits to society. Previous researches have shown that business sustainability could be achieved through the realization of CSR which has developed beyond providing for social needs (Marques-Mendes and Santos 2016). In fact, CSR has evolved toward benefits for both the receiver and creating additional value to the firms' performance (Nazri, Omar, and Mohd Hashim, 2018).

Even though the CSR concept has been discussed in terms of its similarity with giving back (*ṣadaqah*) and its vital application in the industry standard, surprisingly even with the specialist literature on CSR in the *ḥalāl* industry, these researches are yet to provide a significant impact to the knowledge. Specifically, not many studies have emphasized CSR in the *ḥalāl* industry (Azid, and Asutay, 2007; Ibrahim, Samsi, and Ahmad, 2010; Ismaeel, and Blaim, 2012), and the only eminent example of CSR research related to *ḥalāl* is in banking and finance (e.g. Amran et al., 2017; Mohd Nor, and Hashim, 2015; Wan Jusoh, and Ibrahim, 2017). Current situation does not provide a conclusive understanding of CSR in the *ḥalāl* industry in a bigger context. According to Zam et al. (2014), CSR awareness and disclosure in the *ḥalāl* industry is relatively low. Thus, CSR is important to be introduced to create shared values in fulfilling a holistic *ḥalāl* ecosystem agenda. Through CSR, *ḥalāl* business will promote an ethical environment (Carroll, 1979; Chambers et al., 2005; Masaka, 2008; Schwartz, and Carroll, 2003) in line with the aspiration of Islamic moral economy by focusing on these axioms: *tawḥīd* (God-consciousness), *‘adl* (justice), *amānah* (honesty) and *akhlāq* (Ibrahim et al., 2010; Mohd Nor et al., 2016) in a normative sense and financial principles in a positive sense (Tripp, 2006). Islamic moral economy is portrayed as an ideal economic system, which aims for a perfect economic order in the sense of first best solution based on Shari‘ah advocating socio-economic justice with individuals aiming at *falāḥ* by maximizing *ihsan* (beneficence).



## 5. RESEARCH METHODOLOGY

The study attempts to examine the perception and awareness of CSR from the consumer of *halāl* industry perspectives. Therefore, a quantitative approach is employed through a random survey. A total of 361 respondents took part in the web survey, with 345 usable responses representing is 95.5% fit for analysis. According to Kaplowitz, Hadlock, and Levine (2004), between web survey and traditional mail survey, the response rate for web survey is higher, albeit there is a caveat on respondents group age and also those who have access to the Internet. Besides, web survey is used because of easy access to respondents, time savings and cost control (Wright, 2006). A questionnaire survey has been designed for achieving the objective of the study. The questions are organized according to the objective of the research and a Likert-scale of 1 (*strongly disagree*) to 5 (*strongly agree*) was used to gauge the degree of agreeableness of the respondents to the statements given. This study uses descriptive statistical analysis using SPSS to produce mean and standard deviation (Pallant, 2016).

In order to test the reliability of each item, a reliability test was conducted using Cronbach's alpha. Cronbach's alpha coefficient can range from 0.0 to 1.0. A Cronbach's alpha close to 1.0 indicates that the item is considered to have a high internal consistency reliability, above 0.8 is considered good, 0.7 is considered acceptable and less than 0.6 is considered poor (Bryman, 2016; Pallant, 2016; Sekaran, and Bougie, 2016; Tabachnick, and Fidell, 2007).

## 6. FINDINGS

### 6.1. DEMOGRAPHIC BACKGROUND

This study involved 38.8% male respondents and 61.2% female respondents. The majority of respondents are from young generation age group with 30.7% age group of 31-40 years old and 45.2% age group of 21-30 years old. The respondents of age group 41-50 with 16.5% and above 50 years old (5.3%) with good Internet access participated as well. This result is supported by Kaplowitz et al. (2004) that certain age groups and those with Internet access are the main contributors to online surveys. The majority of respondents who participated in this survey are Malays (91%). Only 3.2% and 1.4% are Chinese and Indian respondents, respectively.

**TABLE 1**  
**Profile Analysis**

|                      |                              | Frequency | (%)  |
|----------------------|------------------------------|-----------|------|
| Gender               | Male                         | 134       | 38.8 |
|                      | Female                       | 211       | 61.2 |
| Age                  | Below 20 years old           | 8         | 2.30 |
|                      | 21 - 30 years old            | 156       | 45.2 |
|                      | 31 - 40 years old            | 106       | 30.7 |
|                      | 41 – 50 years old            | 57        | 16.5 |
|                      | Above 51 years old           | 18        | 5.30 |
| Race                 | Malay                        | 314       | 91.0 |
|                      | Chinese                      | 11        | 3.20 |
|                      | Indian                       | 5         | 1.40 |
|                      | Others                       | 15        | 4.40 |
| Religion             | Islām                        | 326       | 94.5 |
|                      | Buddha                       | 8         | 2.30 |
|                      | Hindu                        | 3         | 0.90 |
|                      | Christian                    | 8         | 2.30 |
| Education attainment | Postgraduate degree          | 101       | 29.3 |
|                      | Bachelor degree              | 175       | 50.7 |
|                      | Diploma                      | 41        | 11.9 |
|                      | Malaysian School Cert. (SPM) | 28        | 8.10 |
| Salary               | Less than RM1,000            | 89        | 25.8 |
|                      | RM1,001 – RM4,000            | 121       | 35.1 |
|                      | RM4,001 – RM10,000           | 109       | 31.6 |
|                      | More than RM10,000           | 26        | 7.50 |
| Occupation           | Student                      | 81        | 23.5 |
|                      | Business man                 | 51        | 14.8 |
|                      | Professional                 | 39        | 11.3 |
|                      | Academician                  | 39        | 11.3 |
|                      | Administrative staff         | 47        | 13.6 |
|                      | Housewife                    | 11        | 3.20 |
|                      | Retiree                      | 8         | 2.30 |
| Others               | 69                           | 20.0      |      |

The majority of respondents are Muslims with 94.5% followed by Christians (2.3%), and Buddhists (2.3%) and Hindus (0.9%). From the result obtained, the majority of the respondents are well educated with 50.7% having attained a bachelor degree and 29.3% completing postgraduate level. About 11.9% are diploma holders or equivalent level. A small group of respondents (7.5%) earns more than RM10,000 per month. The majority of respondents earn RM1,001- RM4,000 with 35.1%. Then the second highest group earned RM4,001-RM10,000 a month with 31.6%. A considerable

large number of respondents earn less than RM1,000 (25.8%). In Kuala Lumpur, household income below RM4,000 a month is considered as urban poor. The income results are associated with the respondents' occupation revealing that the majority of respondents are students with 23.5%. About 14.8% of respondents venture into business, while 11.3% are professionals and academicians, each. In addition, 13.6% of respondents are administrative staff. Overall, the result indicates that the majority of respondents are young Muslims and could be categorized as a well-educated group with a majority of low income earners.

## 6.2. DEFINITION OF CSR FROM THE *HALĀL* CONSUMERS' PERSPECTIVE

This section describes the familiarity of *halāl* consumers on the concept of CSR. The objective is to gauge the knowledge and awareness of CSR especially in the *halāl* industry. From the survey, the majority of respondents (70.1%) reported familiarity with CSR concepts while 8.4% reported otherwise. Only 21.4% of the respondents are unsure about CSR. This implies a good knowledge of CSR from the society. Thus, Malaysians are considered to be aware of being socially responsible toward the society and environment.

RQ1: What is the definition of CSR according to *halāl* consumers?

TABLE 2  
Definition of CSR

|                             |      |
|-----------------------------|------|
| Giving back to society      | 45.8 |
| Business and society        | 17.1 |
| Charity and/or philanthropy | 15.1 |
| Responsible business        | 10.1 |
| Business ethics             | 4.30 |
| People, planet and profit   | 3.80 |
| Corporate sustainability    | 3.80 |

Note: CSR definition is arranged according to the range from the highest to lowest percentage.

Respondents were then asked on the meaning of CSR according to the list given: (i) giving back to society, (ii) charity and/or philanthropy, (iii) people, planet and profit, (iv) business and society, (v) business ethics, (vi) corporate sustainability and (vii) responsible

business. According to the respondents' knowledge, 45.8% of the respondents defined CSR as giving back to society, while 17.1% understood that CSR means business and society. Moreover, 15.1% of the respondents associated CSR with charity and/or philanthropy. According to Shamir (2004), Exter, Cunha, and Turner (2011) and Graafland, Mazereeuw, and Yahia, (2006), CSR is usually viewed as a philanthropic act or conserving the environment. In addition, Siwar and Md Harizan (2006), Smith (2007), Dinar-Standard and Dar-Al Istithmar (2010), Graafland et al. (2006) also associate CSR with charitable activities. Then, 10.1% respondents defined CSR as responsible business and 4.3% of respondents related CSR to the concept of business ethics. Finally, respondents described CSR as people, planet and profit; and corporate sustainability, with each definition representing 3.8% of respondents. Thus, it can be concluded that there is relatively high awareness and good comprehension of CSR among the *halāl* consumers since their perceptions are beyond the dogma of philanthropy and charity.

### 6.3. PERCEIVED CSR ACTIVITIES IN *HALĀL* INDUSTRY

This section attempts to identify the potential CSR activities deemed to be relevant to the *halāl* industry. Questions were built to anticipate CSR activities related to the *halāl* industry.

TABLE 3  
Corporate Social Responsibility Activities

|   | Mean  | Std.Dev. |
|---|-------|----------|
| Help local communities  | 4.391 | 0.7742   |
| Ensure safety standards   | 4.383 | 0.8024   |
| Provide truthful information  | 4.380 | 0.7837   |
| Offer quality products and/or services  | 4.380 | 0.7611   |
| Respect individuals' rights   | 4.354 | 0.8085   |
| Investing in ethical & Shari'ah compliant products  | 4.333 | 0.8009   |
| Care for the environment  | 4.301 | 0.8399   |
| Provide training or retraining opportunities  | 4.287 | 0.7898   |
| Adapt with changes of business environment  | 4.270 | 0.8068   |
| Provide enhanced benefits for staff   | 4.241 | 0.8474   |
| Assist Zakāh House ( <i>Pusat Zakat</i> ) for <i>Zakāh</i> collection and/or distribution | 4.241 | 0.8876   |
| Ensure anti-discriminatory work practices   | 4.209 | 0.9005   |
| Empower the employees   | 4.177 | 0.8460   |
| Business needs to focus on maximizing profit  | 2.957 | 1.4125   |

Notes: CSR activities are arranged according to the highest to lowest mean rank.

RQ2: What are the anticipated CSR activities practiced in *halāl* industries?

The assessment employed a 5-point Likert scale of 1 (strongly disagree) to 5 (strongly agree) (refer Table 3). Cronbach's Alpha results of 0.941 shows that the 14 items are reliable to be tested (Bryman, 2016).

According to the results in Table 3, the respondents ranked 'help local communities' among the most anticipated CSR activities to be practiced in *halāl* industries with a mean score of 4.391. This aligns with the study of Laudal (2011) which identified that CSR is often offered to local communities especially for Small Medium Enterprise (SMEs). Then, safety became the second major concern for CSR activities with a mean score of 4.383. The consumers of *halāl* industries also demanded the *halāl* business sector to 'provide truthful information' (4.380). Transparency is an important element in order to gain consumer trust (Amacanin, 2005; Exter et al., 2011; Moon, 2007; Zam et al., 2014). Respondents also want *halāl* business to 'offer quality products and services' with a mean score of 4.380 and respect individuals' rights with a mean score of 4.354. 'Investing in ethical and Shari'ah compliant products' comes in sixth place (mean = 4.333) which suggests that respondents perceived substance beyond form. The rest of the CSR activities, except for 'business needs to focus on maximizing profit' (mean score 2.957), generates good responses on the agreeableness of the activities. The results show that the understanding of CSR on giving back to society has been proven to be the highest selection of CSR activities in helping local communities. Then comes the concern for safety, truthful information and quality of *halāl* products and services according to a standard quality acceptable worldwide (Ibrahim et al., 2010). Interestingly, these *halāl* consumers have ranked sixth for ethical and Shari'ah investment and ranked eleventh for assisting *Zakāh* house implying that these religious activities are less important compared to giving back to society and the substance of the products and services.

#### 6.4. MOTIVATIONS TO ENGAGE IN CSR ACTIVITIES

This section provides findings on consumers' motivation for engaging in CSR activities conducted by the *halāl* industry.

RQ3: What is the motivation for *halāl* consumers to engage in CSR activities?

TABLE 4  
Motivation for *Halāl* Consumer Engaging in Corporate Social  
Responsibility

|   | Mean  | Std.Dev. |
|---|-------|----------|
| Self-satisfaction                                   | 4.183 | 0.8818   |
| Religious influence                                 | 4.177 | 0.8664   |
| Contribute back to <i>halāl</i> enterprise/business | 4.104 | 0.8831   |
| Build better relationship with stakeholders         | 4.032 | 0.9286   |
| Society association influence                       | 3.968 | 0.9715   |
| Stakeholders' encouragement                         | 3.858 | 0.9524   |
| Governmental influence                              | 3.667 | 1.0380   |
| Increase owns profit                                | 3.487 | 1.1338   |

Notes: Motivation for CSR are arranged according to the highest to lowest mean rank.

The objective of this question is to examine the willingness of *halāl* consumers in engaging in CSR activities. The assessment was employed using a 5-point Likert scale of 1 (*strongly disagree*) to 5 (*strongly agree*) (refer Table 4). Reliability analysis of the eight items yielded a Cronbach's alpha of 0.901 indicating a strong reliability to further test the items (Bryman, 2016).

The results in Table 4 reveal that the main motivation for *halāl* consumers to engage in CSR is because of 'self-satisfaction' (mean = 4.183), 'religious influence' (mean = 4.177), 'contribute back to the business' (mean = 4.104) and 'build better relationship with stakeholders' (mean = 4.032). However, respondents were indecisive whether to agree or disagree on the rest of the items with mean scores ranging from 3.487 to 3.968. Respondents least favor 'increase own profit' (mean = 3.487) and also 'governmental influence' (mean = 3.667) as it is ranked the lowest. These results are against the idea of Friedman (1970) on maximizing profit and claiming that social welfare is the government's responsibility.

Therefore, it can be concluded that the motivation for *halāl* consumers engaging in CSR activities is purely voluntarily because of self-satisfaction and contributing back to the company. Nonetheless, religious influence is the key driver for consumers to contribute to CSR activities (Brammer et al., 2007; Mazereeuw-van der Duijn Schouten et al., 2014; Mukhtar and Mohsin Butt 2012) which also coincides with Shah Alam and Mohamed Sayuti (2011). It shows that Islām as a religion has great influence in business decision as a manifestation of being accountable and obedience to God (Murphy, and Smolarski, 2017) beside fulfilling business strategy in realizing the economic responsibility (Karaosmanoglu, Altinigne, and Isiksal,

2016; Sharp, and Zaidman, 2010; Yusof, Mohd Nor, and Hoopes 2014).

## 7. CONCLUSION

This research attempts to explore CSR understanding of the consumers in the *halāl* industry which is often neglected. The results have shown that *halāl* consumers are highly aware and understand the underlying concepts of CSR including giving back to society and also highlighting ethical issues in business such as transparency and good governance. These consumers believe that CSR is beyond philanthropy and charitable activities (Graafland et al., 2006). The results obtained indicate that consumer acceptance of CSR is from a strategic view which is not only on moral issues but also creating value for the business. Hence, embracing CSR would lead to business sustainability.

Through CSR, consumers expect a good standard of quality for all *halāl* products and services (Ibrahim et al., 2010) as it needs to comply with the basics of *maqāṣid Sharī‘ah* (objective of Sharī‘ah) – the public good. Consumers would not need to worry about product defect, poor service or any unethical dealings as Islām always promotes justice for both buyer and seller. Consumers are very particular with the substance which is about safety, truthful information, good quality and also respecting individuals’ rights. Embracing *rahmatan li’l-‘ālamīn* would ensure that decisions made by each party are according to ethics and morality that will manifest justice and benevolence (*‘adl wa al-ihsān*). Consequently, the Islamic moral economy needs to be considered as the bedrock of every *halāl* business in creating *homoIslamicus*.

On the other hand, this research has integration of religiosity and being socially responsible which is value added for CSR literature especially on Islamic CSR. The results reveal that apart from self-satisfaction, religion has significant impact in motivating consumers and also *halāl* business to perform a strategic iCSR activity. Islamic CSR imposes the fulfilment of Islamic morality on the *halāl* ecosystem which indicates that every activity in the *halāl* industry must be according to substantive morality informed by higher objectives of Islām - *maqāṣid Sharī‘ah*. Thus, the *halāl* industry will enjoy economic and instrumental benefits (i.e. profit, good brand image, business sustainability etc.) (Carroll, 1991; Garriga, and Melé,

2004) and spiritual rewards (blessings from Allāh). A holistic *halāl* ecosystem can be achieved through the spirit of Islamic CSR.

Nonetheless, these results must be interpreted with caution and a number of limitations should be borne in mind. Among the limitations encountered during the study is the accessibility and cooperation of the respondents especially producers related to *halāl* industry. Future studies are suggested to extend the number of respondents. It is also recommended that future researchers employ a qualitative approach to gauge rich information on the reasons for performing CSR and the importance of CSR in ensuring business sustainability.

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