



The CSR of Islamic Banks and Halal Businesses in the Post Covid-19 Pandemic Era

Haruna Babatunde Jaiyeoba*, Md Siddique E Azam

International Institute for Halal Research and Training (INHART), International Islamic University Malaysia

*Corresponding author: harunjaiyebab@iium.edu.my

Abstract

This chapter discusses the CSR activities of Islamic banks and Halal companies in this era. As the world begins to transition from the Covid-19 pandemic, there is a need for Islamic banks and Halal businesses to retrospect into what has been learned during this crisis and to understand that stakeholders are now more concerned about how businesses operate and contribute to the betterment of the community than ever before. To avoid running the risk of losing customers and employees, Islamic banks and Halal companies must genuinely make large efforts to further their CSR initiatives by committing and promoting the greater good in society. The CSR sphere in post-Covid-19 must minimise, if not eliminate, the existential threat of the widening gap between the haves and have nots created by the Covid-19 outbreak. To this end, the researchers intend to identify and expose Islamic banks and Halal companies to various CSR activities that could help enhance their reputation, gain a competitive edge, achieve cost savings and operational efficiency, reinforce their credibility among Halal consumers and communities, manage their regulatory compliance and mitigate associated risks, and improve their long-term resilience and adaptability in this era. Specifically, the CSR activities covered in this study include commitment to Halal best practices, Zakat and charitable donations, Halal economic responsibility, legal responsibility, environmental responsibility, employee welfare, and responsible dealing with clients. Following the discussion of these CSR activities, the implications, with respect to the practice and theory, of this study are explicated, and recommendation and limitations of this study are offered.

Keywords: Halal, Zakat, Charitable donations, Environmental responsibility, Employee welfare, Corporate governance

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1. Introduction

The outbreak of Covid-19 pandemic, which threatened human lives, caused economic hardship, and affected businesses across the globe, was something that caught the world by surprise. The pandemic that started as a health crisis was later transformed into a global economic crisis (Rasul et al., 2021). While the socioeconomic impact of this pandemic was not the same across countries, evidence has it that Covid-19 has led to increased poverty rates and inequalities in the world, stymieing the achievement of SDGs (Ferreira, 2021; Laborde et al., 2021). Besides, the pandemic has exacerbated unemployment and loss of income due to the lockdowns and business closures, it triggered economic recession, disrupted education as school and university were temporary closed causing most students to move to remote learning, disrupted supply chains because of travel restrictions and lockdowns, and created mental health issues due to the social isolation and economic strain that contributed to increased rates of anxiety, depression, etc. Notwithstanding the negative side of Covid-19, its emergence has offered a unique opportunity for businesses, particularly Islamic banks and Halal businesses (the word “Halal” is an Arabic word, which means permissible or lawful according to the teachings of Islam), to rethink the best ways to give back to the stakeholders and society while at the same time, holding on to their values (Jaiyeoba et al., 2023).

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As the world begins to transition from the Covid-19 pandemic, there is a need for Islamic banks and Halal businesses (henceforth, Halal businesses) to retrospect into what has been learned during this crisis and to understand that stakeholders are now more concerned about how businesses operate and contribute to the betterment of the community in this era. This suggests that ethical dealing and corporate philanthropy must assume greater importance in post pandemic. In this case, Halal businesses must genuinely commit to the sustainability initiatives for the greater good of society, if they are to avoid the risk of losing customers and employees. Thus, Halal businesses must initiate and implement a series of initiatives that will not only benefit their internal stakeholders, but external stakeholders as well (Jaiyeoba et al., 2022). Such initiatives that aim to benefit all stakeholders, as noted by Adam Weinger, the president of “Double the Donation,” underscore the importance of corporate social responsibility (CSR), defined as the ways in which businesses contribute to, and promote the greater good in society. In fact, businesses, whether Halal or otherwise, must realise that their competitiveness and the welfare of the general public in their localities are mutually dependent (El-Mallah et al., 2019).

While it is desirable for Halal businesses to actively engage in philanthropic activities, participate in community development, promote responsible business dealings, reduce environmental impacts, and support employee well-being; however, one critical and yet relevant question to be addressed to the appreciation of readers with respect to this issue is “how has pandemic moves CSR to the top priority of Halal businesses that is different from how it was before the emergence of Covid-19? It is no-brainer to notice how pandemic has exposed the inequalities in our societies around the world. Hence, Halal businesses have the responsibility to help in addressing this social challenge by supporting poverty alleviation, education, and healthcare in such a way that contributes positively to the well-being of communities (Ferreira, 2021). In one way or the other, the outbreak of pandemic has impacted public trust in businesses and as such, prioritising CSR by proving their commitment to ethical practices, social responsibility, and environmental sustainability can help to rebuild trust in such that improve their reputation and strengthen relationships with stakeholders (van der Crujjsen et al., 2022).

Furthermore, the pandemic has revealed the importance of building resilient systems as a preparation for possible occurrence of similar crises in future. Thus, proper integration of CSR activities, such as promoting responsible resource management and adopting sustainable practices, into the long-term strategies of Halal businesses can help them to become more resilient and sustainable (Hadjielias et al., 2022). Similarly, the pandemic has amplified stakeholders’ expectations of Halal businesses to operate ethically and responsibly by prioritising social and environmental sustainability practices. Meeting these expectations required these businesses to embrace CSR, since such alignment will demonstrate their commitment to creating long-term value for their stakeholders (Zhao, 2021). Also, due to their access to information on businesses’ social and environmental impacts, consumers are more conscious of their choices when making purchasing decisions in this era. By embracing CSR, Halal businesses will be able to differentiate themselves in the marketplace, thereby helping them to attract and retain top talent, socially responsible consumers, build strong partnerships, and gain a competitive advantage over their rivals (Jaiyeoba et al., 2023).

In line with foregoing discussion, this paper discusses the corporate social responsibility of Halal businesses in the post Covid-19 pandemic era, based on the existing studies of Jaiyeoba et al. (2022, 2023). These studies focus on the CSR as an effective promotional tool for the Halal businesses in Malaysia. According to these studies, the CSR of Halal businesses include commitment to Halal best practices, Zakat and charitable donations, Halal economic responsibility, legal responsibility, environmental responsibility, employee welfare, and responsible dealing with clients. Additionally, this study also discusses the corporate governance of Halal businesses in the post pandemic era. By integrating the CSR activities discusses in this study into the strategic direction of Halal businesses going forward, we believe that this will enhance their reputation, help them to gain a competitive edge in the marketplace, achieve cost savings and operational efficiency, reinforce their credibility among Halal consumers and communities, assist them to manage their regulatory compliance and mitigate associated risks, and improve their long-term resilience and adaptability in this era.

Meanwhile, this study is structured into four main sections. Beginning from this introductory section, section two discusses the CSR of Halal businesses in this era, section three explicates the implications of this study with respect to theory and practice, and the final section concludes and offers recommendation for future studies.

2. The CSR of Businesses in Halal Industry in the Post Pandemic Era

Historically, the CSR as a field of study has been marred by controversies and criticisms, including the claim that businesses cannot be said to have responsibilities, often associated with the classical economic perspective and its argument that the primary responsibility of businesses is to maximise profits for shareholders (Friedman, 2007). However, there has been a significant shift in recent years towards a broader understanding of corporate social responsibility. According to the European Union (EU), the term “CSR” refers to “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (Noti et al., 2020). In today’s rapidly changing business world, businesses, particularly Halal businesses, must realise that being socially responsible is key for staying productive, competitive, and relevant.

As indicated, several factors, including increased awareness of environmental issues and social challenges, changing societal expectations, and understanding that responsible business practices are crucial for long-term success, are responsible for why businesses must be socially responsible in this era. Moreover, stakeholders, covering government, employees, customers, communities, investors, etc. are increasingly demanding that businesses act ethically, demonstrate good governance, and support in addressing social and environmental issues (Jaiyeoba et al., 2022). These factors and stakeholders’ demands are pushing businesses, including Halal businesses, to adopt and display responsible practices as an essential aspect of their overall strategy and operations. Having exposed the readers to CSR and other related issues, the remainder of this section will specifically discuss the CSR of Halal businesses in this era, including environmental responsibility, employee welfare, responsible dealing with clients, corporate governance, Halal best practices, Zakat and charitable donations, Halal economic responsibility, and legal responsibility.

2.1 Environmental responsibility

Environmental responsibility refers to the ethical and sustainable approach taken by Halal businesses towards incorporating environmental concerns into their practices (Abdurrahman et al., 2022). This responsibility involves taking proactive measures to reduce negative effects on the environment by reducing greenhouse gas emissions, chemicals, waste, as well as increasing resources efficiency and productivity with respect to resources and processes. Beyond legal and regulatory requirements, Halal businesses need to recognise that they have a responsibility to the environment and take seriously to sustain the planet for future generations. Allah says to this effect in Qur’an 6:165, “*He is the One Who has placed you as successors on earth and elevated some of you in rank over others, so He may test you with what He has given you.*” As such, Halal businesses must be committed to minimising their negative impact on the environment as part of their business strategy and operating methods (Jaiyeoba et al., 2023).

Meanwhile, the significant changes brought about by Covid-19 pandemic has renewed business focus on environmental responsibility. As we move into the post pandemic era, it is crucial for Halal businesses to prioritize sustainable practices in their everyday operations. In this era, Halal businesses need to prioritise the adoption of circular economy principles, embrace renewable energy sources, reduce energy consumption, optimise resource usage, implement efficient supply chain management, and minimise waste generation. Moreover, we have seen, during the pandemic, how reduced human activity can reduce pollution levels and positively affect the environment. Halal businesses have a responsibility to sustain this trend by promoting telecommuting and remote work options, investing in cleaner technologies, and incentivising eco-friendly transportation methods for employees in this era. Additionally, Halal businesses need to ensure the integrity and ethical practices in their supply chains for their sustainability. To achieve this, there will be a constant need to work with suppliers who prioritise environmental responsibility, adhere to fair labour practices, and use sustainable materials.

Furthermore, as Covid-19 amplified the importance of incorporating sustainability practices into business long-term strategic planning, there is a need for Halal businesses to develop measurable environmental sustainability goals, track the progress, and constantly report their performance with respect to environmental sustainability practices. In this way, they will be able to integrate environmental responsibility into their operations. Besides, Covid-19 has prompted consumers to reevaluate their consumption patterns to prioritise health, safety, and sustainability. Hence, Halal businesses need to play a significant role in promoting responsible consumption as well as educating consumers about sustainable choices in this era. This can be done by providing accurate information about their products, environmental impacts, and eco-labelling. Finally,

there is a need for Halal businesses to prioritise collaborative efforts with stakeholders, including Nongovernmental Organisation (NGO), governments, and communities, particularly to drive environmental initiatives in this era.

2.2 Employee welfare

Employees are essential stakeholders who contribute significantly to the production and sustainability of Halal businesses. Employee's contributions in the areas of novel inventions, firm's success, and strengthening customer relationship have been noted in extant literature (Liang et al., 2023). Thus, taking care of employees has become necessary to boost employee engagement, which could eventually result in higher performance. In the context of CSR, employee welfare encompasses holistic well-being, initiatives, practices, policies, and various supports provided by Halal businesses with the aim of promoting employee physical health, mental health, emotional health, and satisfaction (Jaiyeoba et al., 2023). Initiatives toward employee welfare are an integral part of CSR, as they reflect the commitment of Halal businesses to the employee development and welfare beyond the legal requirements (Nishikawa et al., 2022). In fact, taking care of employees is in line with the teachings of Islam and specifically consistent with the Hadith that was narrated by Ma'rur who reported Prophet Muhammed (PBUH) to have said, "Your employees are your brothers whom Allah has put under your authority. So, if Allah has put a person's brother under his authority, he should feed him with the same food he eats and dress him with the same clothes he wears (Sahih al-Bukhari)."

Meanwhile, the outbreak of Covid-19 has highlighted the importance of taking employee welfare and well-being seriously. And as we transition to the post Covid-19 pandemic era, it is crucial for Halal businesses to prioritise the welfare and well-being of their employees. In this era, Halal businesses have the responsibility to continue prioritising the health and safety of their employees by establishing robust safety protocols and educating employees about their health and hygiene practices. Where and when necessary, these businesses should encourage flexibility in work arrangements, such as staggered shifts and remote work options, especially when doing so will contribute to employee safety. Moreover, the emergence of Covid-19 and different measures to curtail it has had impact on employee mental health and as such, Halal businesses must recognise the importance of mental health in this era by promoting work-life balance, providing access to counselling services, fostering a supportive work culture, and ensuring open communication channels.

Similarly, the pandemic has revealed why Halal businesses should invest more in the professional development of their employees through training and skill development. Therefore, offering relevant training programmes and providing opportunities for reskilling and upskilling will not only enhance the performance of employees, but also demonstrate organisation commitment to their growth and well-being, thereby fostering their loyalty and increasing the rate of retention. Finally, Halal businesses should prioritise effective communication and engagement with their employees in this era. In doing so, they should ensure regular communication about changes, updates, and future plans to build trust and alleviate uncertainty in the company. Additionally, they should conduct surveys regularly about employee well-being, encourage feedback, offer competitive salaries and benefits packages that will make employees feel valued, and actively involve employees in the decision-making process, essentially to enhance employee sense of belonging.

2.3 Responsible dealing with clients

When dealing with other stakeholders, Halal businesses must ensure that they follow Islamic prescriptions guiding business transactions (Jaiyeoba et al., 2023). As noted by Farook (2007), there are laid down rules and procedures in Islam that must be observed and respected under all circumstances when conducting businesses. Similarly, Mohammed (2013) notes that whatever dealings that lead to the welfare of others are morally good and whatever injurious dealings are morally bad. According to Jaiyeoba et al. (2023), fair treatment, dealing with justice, trustworthiness, truthfulness, mutual consent, etc. are ethical and core values that Islam strongly encourages to be practiced in Islamic society, including Halal businesses. Moreover, there are several Hadith that emphasise the responsibility of Muslims towards fellow believers and by extension, responsible dealings with stakeholders. As narrated by Abdullah bin Umar, Prophet Muhammed (PBUH) was reported to have said, "A Muslim is the brother of another Muslim. He does not wrong him, nor does he leave him helpless. Whoever fulfils the needs of his brother, Allah will fulfil his needs (Sahih al-Bukhari)."

While the above Hadith emphasises the responsibility of Halal businesses towards their stakeholders, the outbreak of Covid-19 has, in addition, exacerbated the need for these businesses to engage in responsible

dealings with those that are directly or indirectly affected by their operations, including suppliers, distributors, customers, local communities, shareholders, government, and relevant others. Thus, responsible business practices in the post Covid-19 pandemic era are crucial for ensuring stakeholder satisfaction, sustaining growth, and supporting overall well-being of society. In the post pandemic era, Halal businesses must prioritise communication by providing timely and accurate information about their plans, operations, and changes that may affect their stakeholders or help them to make informed decisions. Additionally, Halal businesses should place more emphasis on customer safety and satisfaction by promptly and fairly addressing customer concerns, providing accurate information, and delivering high-quality products and services in this era. Also, these businesses must guarantee responsible practices throughout their supply chains by working with suppliers that prioritise environmental, ethical, fair labour practices, and social standards.

To build trust and enhance reputation in this era, Halal businesses need to actively offer support and engage with the communities in which they operate. They must invest in different initiatives that could contribute to local development and community well-being, such as engaging in community outreach programs and supporting charitable causes. It is equally important that Halal businesses remain accountable to their shareholders, including providing access to accurate financial reporting, fair treatment, promoting long-term sustainable growth, and respecting shareholder interests in decision-making processes. When dealing with their clients in this era, Halal businesses should be flexible and adaptable to align with evolving circumstances, changing client needs, and accommodate reasonable requests. Finally, these businesses must engage in ethical marketing and sales practices by avoiding false claims, deceptive advertising, and manipulative tactics. Their marketing efforts must be honest, transparent, and focused on providing accurate information that could assist their clients in making informed decisions.

2.4 Corporate governance

Corporate governance is related to the system of rules, practices, and processes through which Halal businesses are managed and controlled (Donaldson and Fafaliou, 2003). Several studies, both on Halal businesses and beyond, have demonstrated how good CSR practices are related to successful corporate governance (Aboud and Yang, 2022). In relation to CSR, corporate governance holds that a manager or anyone in-charge of business management is responsible for determining business social obligations and how best to fulfil them. In addition, literature has also suggested that a critical step towards improving CSR awareness among Halal businesses is to monitor and regulate managerial behaviour. Strong corporate governance is crucial for building trust, ensuring long-term sustainability, and mitigating risks; it can also help to stop corrupt managers from serving their own interests in such a way that is inimical or detrimental to the growth of businesses. In other words, when businesses make adequate investment in improving their corporate governance, doing so will be beneficial to all parties within the organisations and assist in improving their CSR of performance (Aboud and Yang, 2022). This argument is tantamount to the hadith narrated by Abdullah ibn Umar who reported Prophet Muhammed (PBUH) to have said, “*The leaders are the shepherds of their people and are responsible for their flock* (Sahih al-Bukhari).”

The above Hadith implies the need for leaders to act as caretakers who should prioritise the interests of stakeholders by fulfilling their responsibilities with integrity and accountability. Besides, the outbreak of Covid-19 has increased the responsibilities of those managing businesses to strongly uphold corporate governance practices moving forward. In this era, Halal businesses should prioritise transparency in their day-to-day operations by disclosing relevant information and providing transparent financial reporting. With respect to the board of directors, these businesses must promote ethical conduct and ensure the effectiveness of their board of directors. As pandemic has amplified the importance of robust risk management, Halal businesses must develop a strong risk management framework that can help to identify and address emerging risks, establish contingency plans, and maintain appropriate insurance coverage. Similarly, upholding high ethical conduct and compliance with laws and regulations are essential for strong corporate governance in this era. To this extent, Halal businesses need to have in place a code of conduct that will constantly guide the behaviour of management and employees.

Moreover, responsible Halal businesses must recognise the importance of engaging with stakeholders and consider their interests when making decisions, since such engagement can help to identify and address stakeholders’ concerns, enhance reputation, identify emerging risks, and build mutually beneficial relationships which are crucial in this era. Also, the rights of shareholders of Halal businesses should be protected and

respected by ensuring access to relevant information, fair treatment, and shareholder engagement. Finally, these businesses should adopt a culture of lifelong learning to improve corporate governance. This can be achieved through regular governance practices evaluation, implement necessary enhancements, benchmark against industry standards, learn from past experiences, be open to feedback, and be flexible enough to adapt to changes in regulatory and societal expectations.

2.5 Halal best practices

A company that is Halal-certified is committed to complying with the practises that align with the requirements of certain Halal standards and Shari'ah principles, ensuring the integrity and authenticity of its products and services. The company's commitment to sustaining Halal standards is seen in the fact that it adheres to best practises recommendations provided by Halal certificate providers or determined by the internal Halal committee (IHC) of the management team. Commitment to Halal best practises is one of the crucial components of CSR activities of Halal-certified companies, and it was found to have a significant positive relationship with CSR as a promotional tool for Halal-certified companies (Othman et al., 2016). As a result of such commitment, the image of the company becomes enhanced, and consumers and other stakeholders find the company more trustworthy. Positive word-of-mouth from satisfied customers also contributes to a rise in business.

Implementing rigorous quality control methods at every level of production is one way for a Halal-certified manufacturing firm to show its dedication to Halal best practices. For example, hygiene maintenance, comprehensive ingredient sourcing, Halal certification for suppliers, strict segregation of Halal and non-Halal ingredients, investment in training and development, the latest technology and tools to boost productivity, ongoing process evaluation and improvement, waste minimization, and regular audits to ensure compliance with Halal standards are all part of commitment to Halal best practices. Such quality management has become even more crucial in the post-Covid era. There are a few factors for why it is crucial. First and foremost, consumers have become more concerned about food safety, hygiene, and cleanliness. Simultaneously, the demand of consumers for sustainable and ethical practices by the companies has noticeably increased than before. Finally, such practice is essential for Halal-certified companies to enhance their brand image, preserve the market share, and sustain in the markets of the rapidly growing global Halal industry.

It is not only the imposed laws and requirements that influence Halal-certified companies to make such a commitment but also the Islamic principles that motivate them. The pursuit of excellence, or Ihsan, is an important tenet of Islamic management. This guiding philosophy stresses the value of continuous improvement in business and other spheres of life. In operations management, this might take the form of a relentless pursuit of perfection in the service of maximisation across different departments (Moghimi, 2019). Islam places greater emphasis on pursuing excellence in every aspect of life. This is supported by a number of verses in the Qur'an where Muslims are prescribed to seek out what is permissible (Halal) and good (Toyyib). Allah says in the Qur'an 2:168, "*O mankind, eat from whatever is on earth [that is] lawful and good and do not follow the footsteps of Satan.*" Similar emphasis on the significance of adopting Halal best practises can be realised from hadith: "*.... Indeed, Allah has commanded excellence in everything*" (Sahih Muslim, 1955). Such emphasis on quality promotes Halal best practises that adhere to the strictest of guidelines all throughout a company's supply chain.

2.6 Zakat and charitable donations

One of the five pillars of Islam is Zakat, which is an obligatory form of charity. Such charity becomes mandatory for any Muslim upon acquiring a certain amount of property or wealth. However, Halal-certified companies are encouraged to give zakat as one of their philanthropic responsibilities beyond the obligatory amount. The emphasis on zakat is realised from its appearance in the Qur'an in no less than 30 occasions (Matin, 2021). For example, Allah says in the Qur'an 73:20, "*.... And establish prayer and give Zakat and loan Allah a goodly loan. And whatever good you put forward for yourselves - you will find it with Allah....*" This verse is a motivation for Halal-certified companies to make charitable contributions by following the commandments of Allah. Similarly, the Prophet (PBUH) encourages us to give Zakat by practising it himself and by strongly recommending it. For example, the following Hadiths motivate Halal-certified businesses to fulfil the commandment of Allah by engaging themselves in charitable activities, believing that this will bring blessings and rewards from Allah. "*The believer's shade on the Day of Resurrection will be his charity.*" (Al-

Tirmidhi, 604); “When a Muslim dies, his/her deeds come to an end except for three: ongoing charity, beneficial knowledge, and righteous offspring who prays for him.” (Sahih Muslim, 1631).

It is not only the spiritual influence but also the worldly benefits that make the Halal-certified companies contribute charitable donations that reflect the Islamic value of generosity and social responsibility (Yusuf Owoyemi, 2020). It is a great way for businesses to give back to the community and help others, which in turn enhances the business performance of Halal-certified companies in many ways. For example, enhanced company image and customer perception, better employee morale and retention, and enhanced commitment to best Halal practices. Researchers (Ahinful et al., 2021; Salindal, 2018) found that firms benefited greatly from using these practices. In order to fulfil their religious obligation to give to charity, a Halal-certified business may opt to allocate a portion of its profits to CSR activities. For example, scholarship programs for needy students, free medical services for underprivileged people, investing in infrastructure in low-income communities or rural areas, and fund assistance to micro, small, and medium entrepreneurs (MSMEs) affected by Covid-19 pandemic.

MSMEs impacted by the Covid pandemic might benefit in several ways via Zakat and other charitable donations. Firstly, MSMEs who are having to recover the loss as a result of the epidemic might get financial aid in the form of Zakat and charity donations. This might allow them to pay for overhead expenses, compensate workers, or stock up on necessities. Secondly, with the support of Zakat and other philanthropic contributions, SMEs may expand into untapped areas. This can be achieved by aiding them in the marketing campaigns, introducing them to potential customers, or identifying new distributors for them. Additionally, through zakat and charity donations MSMEs might gain access to training and education programs they need. This may aid them in expanding their business knowledge, exploring emerging technology, and creating innovative new offerings. Finally, MSMEs can use Zakat and charity gifts to qualify for loans and grants. They may be able to use the money to invest in their business, expand existing activities, and enhance their overall business performance.

2.7 Halal economic responsibility

The economic activities of Halal-certified companies are expected to align with Shari’ah principles and specific Halal standards depending on the type of products or services provided by them. This reflects the company’s responsible behaviour towards integrating ethical and Halal (lawful) aspects in all aspects. Such economic responsibilities allow Halal-certified companies to make a positive contribution to society, foster economic growth, and enhance sustainable development. Halal entrepreneurs are encouraged to demonstrate such responsible behaviour by both the Qur’an and Sunnah (the actions and sayings of the Prophet (PBUH)). Allah says to this effect in the Qur’an 2:188, “*And do not consume one another's wealth unjustly or send it [in bribery] to the rulers in order that [they might aid] you [to] consume a portion of the wealth of the people in sin, while you know [it is unlawful].*” Simultaneously, the Hadith stresses honesty and transparency, which should be prioritised by Halal-certified companies in their economic responsibilities. “*The seller and the buyer have the right to keep or return goods as long as they have not parted or till, they part; and if both the parties spoke the truth and described the defects and qualities (of the goods), then they would be blessed in their transaction, and if they told lies or hid something, then the blessings of their transaction would be lost.*” (Sahih al-Bukhari, 2079)

This verse from the Quran and Hadith instructs Halal companies to comply with Shari’ah principles while making any business transaction. It encourages them to pursue economic activities that are beneficial for society and Halal. These responsibilities are the result of a greater responsibility of the human being, which is to become the vicegerent of Allah on this earth (Mohamed, 2019). Fulfilling Halal economic responsibilities encompasses various approaches, including ethical sourcing and production practices. This entails ensuring Halal suppliers, environmentally friendly ingredients, fair treatment of employees, and prioritizing local employment opportunities. Sustainable production practices are also crucial, involving investments in renewable energy sources, reducing carbon footprints, embracing the 3Rs (reuse, reduce, and recycle), and other strategies for sustainable development. Human resource development plays a pivotal role, encompassing support for educational and training programs, financial assistance for needy students, and mentoring initiatives for employees. Building robust relationships with stakeholders, including suppliers, consumers, and the local community, hinges on conducting business ethically and Halal. Moreover, aligning with sustainable development goals (SDGs) is pivotal; for example, SDG-8 emphasizes inclusive economic growth through job

creation and environmental protection, while SDG-12 underscores responsible consumption and production achieved through quality offerings and adherence to aforementioned principles.

2.8 Legal responsibility

Halal-certified companies are both lawful and legal (Azam et al., 2019). Lawful because they provide products and services that are Halal (lawful in Islam). Simultaneously, legal in the sense that they abide by the legal requirements of the country where the business is operating. According to Carroll (1998), consumers, workers, community members, suppliers, the environment, and the government are all examples of major stakeholders whose relationship with Halal-certified companies must adhere to their legal responsibilities. Legal responsibilities include complying with certain acts and policies to ensure transparency, fairness, and accountability in all business activities. For example, in the context of Malaysia Standard (MS), existing different Halal standards are- MS 1500:2019 for Halal food and beverages, MS 2000:2008 for Halal cosmetics and personal care, MS 2400:2019 for Halal supply chain management, MS 2424:2012 for Halal pharmaceuticals MS 2565:2014 for Halal packaging, MS 2610:2015 for Muslim-friendly tourism, and more. Similar standards are available in other countries like Indonesia, Thailand, Singapore, Turkey, United Arab Emirates, Pakistan, and others (Azam and Abdullah, 2021). All these standards outline both the general and specific legal requirements for the Halal-certified companies. Fulfilling the legal requirements enhances the company's credibility and trustworthiness. Additionally, it reduces the likelihood of encountering legal issues, paying fines, and suffering reputational harm. The Qur'an encourages Halal entrepreneurs to follow the legal and contractual responsibilities that govern their relationships with the stakeholders. "*O you who have believed, fulfil [all] contracts.*" (Surah Al-Ma'idah, 5:1)

The legal responsibilities of Halal-certified companies are beyond just meeting the requirements of certain Halal standards prescribed by the Halal certificate providers. Additional obligations include ensuring the health and safety of employees and customers, accurately labelling Halal products and services, providing training to employees, and following legal requirements for employment practises. According to Malaysian Halal certification (JAKIM, 2020) mandates, Halal-certified enterprises bear distinct legal obligations. The formation of an Internal Halal Committee (IHC) by top management is pivotal, with at least four members, including two Muslims, assigned roles and responsibilities, alongside adequate funding. Enforcing the Halal Assurance Management System (HAMS) 2020 and additional certifications such as Hazard Analysis and Critical Control Points (HACCP), Good Hygiene Practise (GHP), and Good Manufacturing Practise (GMP) ensures food safety, operational security, and customer allegiance, impacting various stages from production to distribution. Maintaining comprehensive records is crucial, encompassing audits, product tests, goods handling, and employee Halal compliance training, accessible for review by certification bodies. Additionally, a robust traceability system must be in place to rectify non-compliance issues with Halal standards.

3. Methodology

This study extensively reviews extant literature on CSR within the context of Islamic banks and Halal businesses to discuss the CSR activities of Islamic banks and Halal companies in the post-Covid-19 pandemic era. To identify the core dimensions of CSR relevant to the study, academic journal articles from popular databases such as Scopus, Emerald, Elsevier, Taylor & Francis, etc., were comprehensively examined. Notable studies are consulted to determine the CSR activities for Islamic banks and Halal companies in this era include, but are not limited to, Tetrault Sirsly and Lvina (2019), Farook (2007), Jaiyeoba et al. (2018), Jaiyeoba et al. (2023), Jaiyeoba et al. (2023), García-Sánchez and García-Sánchez (2020), Koku and Savas (2014), etc. Ultimately, seven relevant dimensions of CSR activities were deemed worthy of inclusion in this study. As discussed earlier in the preceding section, these CSR activities encompass commitment to Halal best practices, Zakat and charitable donations, Halal economic responsibility, legal responsibility, environmental responsibility, employee welfare, and responsible dealings with clients.

4. Theoretical and Practical Implications

Theoretically, this study has shed light on the CSR of Halal businesses in the post Covid-19 pandemic era in a way that has never been witnessed before. With this study, we have revealed that the CSR of Halal businesses goes beyond mere complying with Halal certification standards. Thus, our discussion has expanded the theoretical boundaries of CSR to incorporate religious dimension. This study has emphasised the importance

of stakeholder theory, which suggests that Halal businesses should always consider the interests of their various stakeholders beyond just shareholders. In this way, the present study has reiterated the need for Halal businesses to identify and manage the diverse shareholders' interests. Practically, this study also has several practical implications that can guide Halal businesses in the post Covid-19 pandemic era.

Specifically, these businesses should ensure that their supply chains adhere to ethical practices in this era. It has become crucial for these businesses to contribute to the well-being of their communities by supporting several initiatives, such as giving in charity, addressing community needs, and contributing to community development programmes. Similarly, Halal businesses need to prioritise the welfare of their employees in this era by promoting work-life balance, providing a safe working environment, and offering them opportunities for growth and development. Furthermore, there is a need for these businesses to embrace environmental responsibility by working hard to reduce their environmental footprint, implement waste management and recycling initiatives, and adopt renewable energy sources, particularly to contribute to a greener future. Besides, given the nature of these businesses, they are required to only involve in transparent and ethical marketing practices by complying with Halal certification standards, avoiding misleading claims, and providing accurate information about their products.

5. Conclusion

As we are moving to the post Covid-19 era, it is crucial for Halal businesses to retrospect and recount their experiences during the Covid-19. On this basis, the researchers drew on CSR literature to discuss the CSR of Halal businesses in the post Covid-19 pandemic era. To adequately cover this discussion, the present study was segmented into four main sections, beginning from the introductory section, another section was included to discuss the CSR of Halal businesses in this era, covering their responsibilities towards the environment, employees, other clients, corporate governance, Halal best practices, Zakat and charitable donations, economic, and legal. Moreover, the researchers also discuss the implications of this study with respect to the theory and practice; in this section, efforts were made to discuss the benefits of this study to theory and practice. This final section was included to conclude this study. Overall, the researchers have been able to identify and expose Halal businesses to various CSR activities that could help enhance their reputation, gain a competitive edge, achieve cost savings and operational efficiency, reinforce their credibility among Halal consumers and communities, manage their regulatory compliance and mitigate associated risks, and improve their long-term resilience and adaptability in this era. While we have merely discussed the CSR of Halal businesses in the post Covid-19 pandemic era, future studies that will employ quantitative or qualitative methods are highly encouraged.

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