

## **X-Raying the Implication of Maqasid Shari'ah for Halal Business Sustainability Practices**

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### **Abstract**

This study explores the implications of of Maqasid Shari'ah for halal business sustainability practices. Several businesses, including several halal businesses, have been pursuing sustainability through bottom line, which focuses on monetary profits they are able to generate, and by ignoring nearly all other crucial aspects of sustainability practices – social and environment. Given the current emphasis on the climate change and resource depletion, it has become essential to examine the implication of Maqasid Shari'ah to promote a change of approach from the economic-based bottom line sustainability strategy to the TBL that focuses on economic, social, and environmental sustainability practices. As such, this research adopt mixed methods research design and data were collected from Shari'ah scholars and halal consumers. The qualitative analysis reveals that Shari'ah encourages and promotes holistic sustainability practices, whereas quantitative analysis shows that holistic sustainability practices are positively and significantly related to the sustainability of halal businesses. Based on these findings, we recommend that taking an integrated approach to the sustainability practices is no longer an option for halal businesses, particularly if they are to yield to the encouragement of Shari'ah and to remain sustainable.

**Keywords:** Sustainability practices, Environmental sustainability, Social sustainability, Corporate philanthropic practices, Economic sustainability.

## 1. INTRODUCTION

There are growing expectations by governments, investors, and consumers that the roles of businesses should move beyond the exclusive pursuit of profits to incorporate practices and activities with positive effect on the environment and human wellbeing (Jaiyeoba *et al.*, 2021). Given the accelerated climate change, economic woes, growing social inequality, and social discontent in our communities, it is crystal clear that businesses and halal businesses in particular can no longer ignore the concerns for the sustainability framework, covering the environment, social, and economic, commonly referred to as Triple Bottom Line (TBL) (Jan *et al.*, 2021; Svensson *et al.*, 2016). Rather than pursuing profitability at all cost, a comprehensive approach to sustainability practices that truly advances sustainable development must occupy the centrepiece of halal business development plans if they are to remain sustainable (Muñoz-Pascual *et al.*, 2019). Instead of focusing on an integrated sustainability strategy that is aligned with business sustainability, businesses of all types tend to concentrate on internal and incremental improvements that are specifically beneficial to them in the short-term and neglect other aspects of corporate sustainability that are particularly crucial for their long-term sustainability (Manninen and Huiskonen, 2022).

While the need to subscribe to comprehensive sustainability practices has recently drawn the attention of scholars, management, and practitioners in halal industry, such perspective to sustainability issues has not really gotten enough of attention of halal businesses. Though a great deal of progress has been made on sustainability awareness, there is still a lack of integrative approach to truly implement sustainability framework among halal businesses (Fauzi *et al.*, 2020). Meanwhile, there are several reasons that can affect businesses' decisions to embrace an integrated corporate sustainability, halal businesses are mainly influenced by Maqasid al-Shari'ah as emphasized by Shumuliyah (comprehensive or complete) concept, which suggests that al-Shari'ah comprehensively offers principles and guidelines governing all aspects of Muslims and halal entities as they relate with Allah Subhanahu Wa Taala (SWT), fellow humans or entities, environment, and other creations. In addition to Maqasid al-Shari'ah, the Sustainable Development Goals (SDGs) developed by the United Nations also calls for strong participation from businesses, resulting into contemporary pressure from investors, Non-Governmental Organization (NGOs), media, and other stakeholders (Jan *et al.*, 2021). As noted by Jeffrey

Sachs, a professor of sustainable development at the Columbia University, taking a holistic look at the sustainable development means that businesses should combine their economic progress with social justice and with environmental sustainability – TBL.

Given the current level of sustainability awareness, al-Shari'ah and stakeholders demands, and institutional influence, it is increasingly not enough for halal businesses to focus on profits alone, or caring for people alone, or even minimising their negative impacts on the planet alone; rather such ethical business must focus on all aspects of sustainability (de Cámara *et al.*, 2021). In other words, incorporating sustainability into the halal business strategy is no longer an option since such a business must always uphold the principles of al-Shari'ah and be answerable to the stakeholders demands. Thus, an integrative approach to the sustainability is perfectly in line with the concept of Shumuliyah (comprehensive or complete) – one of the characteristics of al-Shari'ah.<sup>1</sup> When engaging in activities to seek economic benefits, the concept of Shumuliyah, therefore, mandates halal businesses to be resolute in upholding al-Shari'ah principles in all aspects by committing parts of their resources to reduce hardship in society and not causing statutory nuisance that could affect someone's health, environment, or annoy neighbours.

Furthermore, since the overall objective of al-Shari'ah is to serve the interests of all human-beings, focusing on the core fundamental aspects of sustainability by halal businesses is tantamount to promoting the essence of Maqasid Shari'ah (Nor *et al.*, 2019). In this way, halal businesses should be seriously concerned about their impacts on society and environment, in addition to their economic goals. Besides, one of the critical outcomes of Islamic religion learning practices is *maslahah* (public well-being) (Bensaid and Machouche, 2013), and taking a visionary and holistic perspective on sustainability would promote public's welfare, in addition to long-term benefits to halal businesses (Manninen and Huiskonen, 2022). To promote the essence of *maslahah*, halal businesses must be ethical in seeking economic benefits, be versatile in giving back to the society, and be active in protecting the environment (Rahman *et al.*, 2017). Accordingly, an integrated approach to sustainability is an effective way to promote the Maqasid al-Shari'ah, which seek to realise well-being and ward off evil for the creatures in this life and in the life hereafter.

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<sup>1</sup> Databank for Islamic Institutions; available at: <http://d4ii.blogspot.com/2016/05/characteristics-of-islamic-institution.html>; accessed January 22nd, 2022.

To this end, this study investigates the implications of Maqasid al-Shari'ah framework for halal business sustainability practices, essentially to reinforce the importance of being truly concerned not only about their economic obligation, but also their social, and environmental obligations. As noted by Aras and Crowther (2015), businesses must pay necessary attention to the elements of sustainability and they should maintain an equilibrium among these elements. Given that the emergence of Covid-19 pandemic echoed the importance of hygiene and ethical dealings, halal businesses have the potential to become promising businesses for realising the objectives of Shari'ah, as they reside in activities underpinned by the forces of Shari'ah injunctions. These injunctions interweave halal businesses activities with genuine concern for a fair, just, and transparent society, while at the same time prohibiting illegal activities that are considered detrimental to social and environmental wellbeing (Dusuki and Bouheraoua, 2011).

While some of the previous studies relating to integrated sustainability practices have focused on conceptualising corporate sustainability (Ajmal *et al.*, 2018; Zahid *et al.*, 2021), others have investigated factors influencing an integrated strategy implementation (Engert and Baumgartner, 2016; Manninen and Huiskonen, 2022; Singh and Rahman, 2021). Similar other study has revealed external and internal drivers that hinder or support the integration of sustainability practices among businesses (Engert *et al.*, 2016). However, literature search reveals lack of studies on the implications of Maqasid Shari'ah for halal business sustainability practices. As Shari'ah aims to achieve wellbeing, there is a need for studies that stress on the practices and strategies, in relation to Maqasid al-Shari'ah, which will expose halal businesses to the best ways to meet the need of today without negatively impacting the future – that is, sustainable. Achieving this can be done by understanding various motives and reasons for engaging in sustainable business practices (Høgevold *et al.*, 2014; Padin *et al.*, 2016).

Based on the aim of this study, there is potential to assimilate such practices into the halal business' strategic, tactical, and long-term operations, particularly to entrench sustainability consciousness across the halal business' value chain, while simultaneously moving concerns for economic, social, and environment into organisational cultures. Ultimately, halal businesses will be aware that the consequences of low morality, lack of ethics, or paying less attention to TBL are not financial alone, but social and environmental. In essence, halal businesses must pay adequate attention to economic, social, and environment because given the prime importance of the Shari'ah in halal businesses, they assume more vital role compared to non-halal businesses.

Hence, good understanding of Maqasid al-Shari'ah requires halal businesses to submit to Shari'ah principles by paying attention to people, planet, and profit. Besides, they must lead their operations and carrying out their activities in accordance with virtue and moral consciousness as stipulated by Shari'ah.

Furthermore, halal businesses are not expected to conduct themselves as self-centred utility maximiser economic agent, as idealised in neoclassical economics; rather they are expected to be balanced in their response to economic, social, and environmental issues (Dusuki and Bouheraoua, 2011). Similarly, it is crucial to note that the concerns for the sustainability issues have become fundamental marketing driving force as triggered by the interests of customers, shareholders, and other stakeholders. This suggests that pursuing sustainability is not only spiritually beneficial to halal businesses, but also offer financial benefits in the long run. Therefore, this study will not only increase the understanding of halal businesses on why sustainability is important but help them to have a sustainability lens with comprehensive focus on TBL which will enable them to operate efficiently and profitably, particularly with respect to achieving the desirable economic, social, and environmental values forever. Meanwhile, the rest of this study is structured into four sections, including literature review, data and methodology, analysis, and implications and conclusion.

## **2. LITERATURE REVIEW**

### **Maqasid Al-Shari'ah: The Higher Objectives of Divine Law**

Prior to the discussion on the integrated business sustainability strategy and review of empirical studies on impact of sustainability framework on business sustainability, it is pertinent to briefly elaborate on the Maqasid al-Shari'ah and to introduce its categories to the readers. According to Dusuki and Bouheraoua (2011), although there is consensus among Muslim scholars that the ultimate objective of al-Shari'ah is to serve the interests of all human beings and to safe them, different perspectives have been used to offer definition for Maqasid al-Shari'ah. Among several Muslim scholars, such as Abū Ḥāmid al-Ghazālī, Al-Shāṭibī, 'Allāl al-Fāsī, etc. who have offered definitions for Maqasid al-Shari'ah, the definition that is pertinent to our discussion here is the one offered by Ashur (1973). Ashur defines Maqasid from a broader dimension by stating:

The all-purpose principle (maqasid 'amm) of Islamic legislation is to preserve the social order or the community and ensure its healthy progress by promoting the well-being and righteousness (salah) of the human being. The wellbeing and

virtue of human beings consist of the soundness of their intellects and the righteousness of their deeds, as well as the goodness of the things of the world where they live that are put at their disposal.

Besides the Ashur's definition, Kamali (2008) defines Maqasid al-Shari'ah as the objectives, goals, and intentions of the goals and principles of the Islamic Divine Law. Maqasid al-Shari'ah promotes sustainable means to cooperation and mutual supports in the businesses, family, and society; and manifest in the public interest (maslahah), which is all-pervasive value and objective of the shari'ah (Dusuki and Bouheraoua, 2011). Based on the above definitions, Maqasid al-Shari'ah is an authentic approach used in the Muslim world to offer distinctive solution to various issues, such as triple bottom line of sustainability framework – economic, social, and environment. Certainly, Maqasid al-Shari'ah is an important approach to dismantle complex business issues, such as those relating to economic, social, and environment, rather than using the principle of prima facie to find solutions (Ibrahim *et al.*, 2018; Mohd Saifuddeen *et al.*, 2013).

From the Islamic knowledge tradition, Maqasid al-Shari'ah is known as a bioethical approach that covers two diverse discourses in Islam: juridical-moral discourse ('ilm al-fiqh) and ethico-moral discourse ('ilm al-akhlaq) (Abdullah, 2014; Ibrahim *et al.*, 2018). Maqasid al-Shari'ah is pragmatic approach that is suitable to address the issue of TBL of halal business sustainability, as it aims to preserve orderliness and regulate the conduct of institutions and mankind in preserving interest (maslahah) and justice, remove of hardship (raf'u al-haraj), prevent corruption and destruction, avoid harm (darar), and facilitate improvement and perfection of human life (Ibrahim *et al.*, 2018; Kamali, 2008).

With respect to the characteristics of Maqāsid al-Shari'ah, Dusuki and Bouheraoua (2011) note that there are four characteristics of Maqāsid al-Shari'ah. First, Maqāsid al-Shari'ah is the basis of legislation that serve the interests of all human beings (jalb al-maṣaliḥ) and safe them from harm (daf' al-mafasid). Second, Maqāsid al-Shari'ah is universal, aiming to serve the interests of mankind and requiring the adherence of all human beings (Shumuliyah). Third, Maqāsid al-Shari'ah is inclusive (absolute), which encompasses all human acts whether they are related to 'ibādah (responsibilities to God) or mu'amalah (responsibilities concerning with other human being). Finally, Maqāsid al-Shari'ah is definitive because it was derived from a multiplicity of texts and different aspects of evidence. Meanwhile, Al-Shatibi is known as one of the most influential Islamic jurists who introduced Maqasid al-Shari'ah, based on the concept of

masalah, as Islamic law in modern life (Mansour *et al.*, 2017). Kamali (2008) documents that human interests are generally categorised into three levels of priority, which are essentials (al-daruriyyat), needs (al-hajjiyyat), and embellishments (al-tahsiniyyat).

According to Kamali, the first level of interest, known as essentials (al-daruriyyat), is the most important aspect of these levels as it covers five human interests to be preserved, which are faith (hifz al-din), life (hifz al-nafs), progeny (hifz al-nasl), intellect (hifz al-‘aql), and property (hifz al-mal). This first level serves as a foundation for other two levels - the needs (al-hajjiyyat) and embellishments (al-tahsiniyyat). Thus, any disorder in essentials (al-daruriyyat) will lead to disorder in the other two levels. Nevertheless, the other two levels, the needs (al-hajjiyyat) and embellishments (al-tahsiniyyat), must be preserved for the sake of preserving the essentials (Dusuki and Bouheraoua, 2011; Ibrahim *et al.*, 2018; Kamali, 2008). Given the pragmatic approach and the importance of Maqāṣid al-Shari‘ah to the businesses, people, and environment; the implications of Maqāṣid al-Shari‘ah for halal business sustainability practices is explored.

In Islam, the implementation of an integrated sustainability strategy can be best justified based on the principle of Maqāṣid al-Shari‘ah. An integrated sustainability practices takes a holistic approach to business sustainability practices and such policy is certainly encouraged in Islam. As reiterated, the primary objective of the Shari‘ah is the realisation of benefit to the people as regard to their affairs in this world and hereafter, as well as to protect people against corruption and evil (Kamali, 2008). This objective of the Shari‘ah is explained in surah Al-Anbiya (Qur’an 21:10) when Allah declares: “And We have sent you (O Prophet) not but as a mercy for the ‘alamin (mankind, jinns, and all that exists)”. According to Laldin (2008), the word ‘rahmatan’ in the above verse covers everything that is harmonious with human need and offers benefit to mankind.

The practicality of this verse to halal industry is that businesses in this industry must ensure that their activities are in harmony with the societal well-being and environmental protection (Jaiyeoba *et al.*, 2021). On this basis, Halal businesses must not act in accordance with Friedman (2007) who claimed that the only responsibility of businesses is to make as much profits as possible for their shareholders, but rather they must seek development that is in harmony with society and environment. Unlike many developed countries particularly from the West where secularism is based on the principle of separation of religious consideration from state and law in the process of transformation (Berg-Sørensen, 2014), Islam provides a holistic

approach to existence and halal businesses need to act accordingly by taking an integrated approach to the issue of sustainability essentially to serve as mercy to the entire world. While the objective and relevance of Shari'ah to halal businesses sustainability practices have been discussed in this section, our discussion focus will be shifted to the integrated business sustainability based on TBL.

### **Sustainability from Islamic Perspective**

This section takes a critical look of crucial teachings of the Qur'an and Sunnah on the one hand, and sustainable practices on the other hand. Largely, the Islamic teachings dealt extensively with many aspects of sustainability dimension - economic, social, and environmental. Sustainable practices are promoted through the criticism of excessive lifestyle and stinginess in situations of generosity, which are somethings that Islam has strongly warned Muslims against. The Qur'anic and Prophetic traditions and their teachings urged moderation in all aspects of life, prohibited extravagance in consumption, emphasized the importance of preserving the environment and protecting natural resources, and promoted the act of giving in situations of generosity. On this basis, Bsoul et al. (2022) note that Islamic teachings are crucial for creating awareness and arousing willingness of Muslims and halal businesses toward sustainable practices as essential principle of conduct.

Furthermore, Bsoul et al. (2022) aver that the principles of sustainable practices are aligned with the teachings of Islam. Hamidi and Worthington (2021) document that the principles of sustainable practices are consistent with the objectives of Islamic teachings since they intend to guide businesses to flourish, operate without negatively impacting the environment, and benefits to stakeholders in such that make the world a better place. They discussed further that the TBL principles are essential for guiding halal businesses to promote prosperity for all, achieve a fair and balanced society, and endorse social goals. While discussing the sustainable development from Islamic perspective, Patmawati et al. (2011) note that the current view of sustainable development as the "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" is not holistic enough since it focuses mainly on material needs without any consideration for spiritual need.

To them, sustainable practices should be holistic in the sense that they are promoted on two perspective of the material needs and spiritual needs, essentially to live a balance live for

this world and the world hereafter. Similarly, Dariah et al. (2016) agree that the concepts of sustainable practices, but note that Islam offers guidance for such practices in terms of the relationships between human and Allah SWT, human and environment, and human and fellow human beings. They further indicated that these relationships are not solely promoted by Islam as the embodiment of spiritual power, but mechanisms of the interrelationship are also provided. Thus, sustainable practices are embedded firmly in Islam. This suggests that Islamic beliefs and values offer humanity with effective solutions to today's sustainability challenges by emphasising the importance of environmental protection (environmental sustainability), identifying and managing impacts, both positive and negative, on people (social sustainability), and long-term economic growth without negatively impacting cultural aspects of the community (economic sustainability).

Meanwhile, one of the Islamic principles towards environmental sustainability is the concept of guardianship. According to Bsoul et al. (2022), the fact that humans are khalifa or representative of Allah on earth implies that humans can benefit from everything created by Allah without overindulgence, since such creations are not for the present generations alone but for society and future generations. As representative of Allah, humans must take concerns steps towards ensuring preservation and maintenance of everything created by Allah so that future generations can also benefit from them. Interestingly, this argument is aligned with the Bruntland Commission's conceptualization of sustainable development, which is the "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (Visser and Brundtland, 2013). In fact, what distinguishes Islamic approach to environmental sustainability is how its established connection between sustainable practices and the reward for such practices in the Hereafter. In Islam, this connection encourages care for the environment and the need to strive to conserve its resources.

Humans are entrusted guardian of nature and they are mandated to care for and preserve the environment, because mismanaging natural resources is clearly portrayed in the Qur'an as corruption. As mentioned explicitly in various verses of Qur'an, individuals who mismanage natural resources, whether in terms of excessive environmental exploitation, or damaging the ecosystems, involving in industrial pollution, recklessness use of natural resources, are abhorrent to Allah (SWT). Allah says, "*And they strive throughout the land [causing] corruption, and Allah does not like corrupters*" (Qur'an 5: 64); "*So give just measure and weight, do not defraud*

*people of their property, nor spread corruption in the land after it has been set in order. This is for your good if you are 'truly' believers" (Qur'an 7: 85); "Do not seek to spread corruption in the land, for Allah certainly does not like the corruptors" (Qur'an 28:77).*

Besides, another essential Islamic approach to the environmental preservation is the values of rationalisation in consumption through moderation in all actions. Allah says, *"O Children of Adam! Dress properly whenever you are at worship. Eat and drink, but do not waste. Surely, He does not like the wasteful" (Qur'an 7:31).* To minimise the wastage, an efficient way to assuage the negative impacts of halal businesses on environment is to constantly practice 3Rs principle, namely "reduce, reuse, and recycle" (Ajmal *et al.*, 2018). In the same vein, causing mischief and extravagant lifestyle are also prohibited in Islam since these acts lead to degradation of the environment, as emphasised severally in Qur'an. With respect this, Allah says *"He is the One Who produces gardens—both cultivated and wild—and palm trees, crops of different flavours, olives, and pomegranates—similar 'in shape', but dissimilar 'in taste'. Eat of the fruit they bear and pay the dues at harvest, but do not waste. Surely, He does not like the wasteful" (Qur'an 6:141).*

Similarly, the traditions of the Prophet Muhammad (SAW) also promote the conservation of natural resource, environmental hygiene, minimisation of waste, and humane treatment of animals. Anasra bin Malik Radiyallahu Anhu (RA) reported that Allah's Messenger says, *"If a Muslim plant a tree or sows seeds, and then a bird, or a person or an animal eats from it, it is regarded as a charitable gift [sadaqah] for him" (Sahih Bukhari).* Another crucial aspects of environmental sustainability which have been emphasized as half-faith in Islam are cleanliness and purification (Bsoul *et al.*, 2022). Since cleanliness is an indispensable fundamental of Islam, Muslims and halal businesses must constantly be reminded that cleaning their body and keeping the surroundings safe by abstaining from pollution, arising from dangerous consequence of unsustainable activities. To this effect, Allah says *"Surely, Allah loves those who always turn to Him in repentance and those who purify themselves" (Qur'an 2:222).*

Unlike environmental and economic sustainability that have received considerable attention from academicians, researchers, and decision-makers; social sustainability has indeed received less attention even with the fact that the issues addressed by this dimension have a critical importance for the human life. While few conceptual frameworks have been developed for social dimension of sustainability, Balaman (2019) notes that the changes proposed as

measurement of this dimension cannot be quantified easily and accurately due to the complex and dynamic nature of social, physiological, and anthropological factors inherent in it. Perhaps this same issue is responsible for why there are limited discussion about this dimension from Islamic perspective. Notwithstanding, what is clear about this dimension is that it aims to ensure that humans have what they need, according to the United Nations Sustainable Development Goals (SDGs), by addressing issues inherent in poverty, hunger, health and wellbeing, education, gender equality, decent work and dignity, inequality, and peace and justice. Interestingly, these issues are not alien to the Shari'ah of Islam because the need to address them have long ago articulated.

Undoubtedly, Islam has established several measures to address the above social issues as developed by the United Nations. For instance, to alleviate the issue of poverty and hunger, Islam has mandated the rich to help the poor whenever the poor are unable to solve the problem themselves to the extent that neglecting this obligation resembles denying Islam itself (Sadeq, 2007). Sadeq (2007) reiterates that the Islamic approach to poverty alleviation involves three distinct sets of measures, which are positive measures, preventive measures, and corrective measures. The positive measures include economic growth, equal opportunities for all, and functional distribution of income through just and fair pricing. To ensure this, Islam provides a system that support positive work ethics to work hard and generate income for a good living. For example, the Islamic norm of fairness and moderation encourage fair distribution and efficient utilisation of income, leading to savings, capital formation, and economic development. With respect to this, Allah says *“That man can have nothing but what he strives for”* (Qur'an 53:39); *“Allah commands justice and benevolence”* (Qur'an 16:90); *“Eat and drink but do not waste, for Allah does not love wasters”* (Qur'an 7:31); *“Woe to those that deal in fraud; those when they receive from man take full measure, but when they give by measure or weight to others give them less than due.”* (Qur'an 83:1-3) Similarly, it was narrated by Abdullah Ibn Masud that Allah's Messenger once remarked that *“Earning a halal (permissible) living is fard (obligatory) after obligatory rituals”* (Baihaqi, Tabarani 6:126).

Beyond, the preventive measures to alleviate poverty as provided by Islamic system are divided into two categories, namely control of ownership and prevention of malpractices. The former establishes that the absolute ownership of everything belongs to Allah (SWT) while men are trustees with secondary ownership of resources at their disposal, the latter prohibits all

practices, such as hoarding “*He who hoards is a criminal*” (Muslim, al-Sahih), gambling (Qur’an 5:90), interest (Qur’an 2:275, 278-279), bribery “*A person who offers bribe and he who accepts it, both of them are in hell*” (Bukhari, al-Sahih), false advertising and cheating the consumers “*He who deceives or cheats (the customer) does not belong to us*” (Bukhari, al-Sahih), that could lead to socially undesirable outcome. With regards to these prohibited practices, Allah says “*O ye who believe! squander not your wealth among yourselves wrongfully, except it be a trade by mutual consent*” (Qur’an, 4:29). The final measure to alleviate poverty and hunger from Islamic point of view is the application of corrective approach which intends to redistribute wealth from the better-off to the worse-off people of the society through compulsory transfers (zakah) (Qur’an 2:43), recommended transfers (charity) (Qur’an 70:24-25), and state responsibility (enforcement and basic needs) (Sadeq, 2007).

Furthermore, Islam, through several Qura’nic verses and Hadiths, has emphasised the importance of healthy lives and well-being by promoting health related activities (Niazi *et al.*, 2013). With respect to healthy eating, Allah says “*O mankind, eat from whatever is on earth [that is] lawful and good and do not follow the footsteps of Satan. Indeed, he is to you a clear enemy*” (Qur’an 2:168). For the personal hygiene, Allah says “*... Within it [mosque] are men who love to purify themselves; and Allah loves those who purify themselves*” (Qur’an 9:108). Similarly, there are considerable evidence in Shari’ah that support of other aspects of social sustainability as developed by the United Nations, including education (Qur’an, 96:1-5), gender equality (Qur’an, 2:226), decent work (Qur’an, 53:39; Qur’an 62:10), inequality (Qur’an 49:13), and peace and justice (Qur’an 16:90). With respect to social sustainability as related to halal businesses, Jaiyeoba *et al.* (2021) note that these businesses must be socially responsible to their stakeholders by been committed to halal best practices, pay zakat each year and donate to charities, engage only in halal activities for profit, strive to comply with all state laws and regulations by operating strictly within the legal framework of the society, not involving in a statutory nuisance that could affect someone’s health or annoy neighbours especially by storing waste safely, securely and responsibly, have satisfactory working environment and safety measures, been honest and transparent in dealing with customers as well as by treating all clients with dignity and respect.

In addition to the Islamic perspective on environmental sustainability and social sustainability, Islam also offers holistic approach to economic sustainability, which is defined as

practices that support the long-term economic development without negatively environmental, social, and cultural aspects of the community. While there is misconception that Islam discourages wealth accumulation for long-term economic growth, the fact is that Islam encourages Muslims to acquire wealth in halal manner for long-term economic growth if such accumulation will benefit society without distracting Muslims from their strong faith and submission to Allah SWT. Allah says, *“But seek, through that which Allah has given you, the home of the Hereafter; and [yet], do not forget your share of the world. And do good as Allah has done good to you. And desire not corruption in the land. Indeed, Allah does not like corrupters”* (Qur’an, 28:77). Similarly, Prophet Muhammed was reported to have said *“...and what you spend as charity from your property is sadaqah and your spending on your family is also sadaqah, and what your wife eats from your property is also sadaqah, and that you leave your heirs well off is better than to leave them poor and begging from people”* (Sahih Muslim).

In Islam, Muslims and businesses under the umbrella of Islam are expected to engage in activities to enable them generate sustainable halal income and contribute positively to the society (Jaiyeoba *et al.*, 2022). Certainly, the economic sustainability from Islamic point of view is not limited to selfish profit maximisation or personal growth at the expense of others, but such which include social, moral, material, and spiritual (Muliadi, 2020). For this reason, Islam has approved zakat and sadaqah, waqf, takaful, and inheritance, and prohibited interest, excessive uncertainty, gambling, dishonest behaviour, particularly to ensure sustainable economic growth, redistribution of wealth, intergenerational equity, and people’s welfare.

As one of the pillars of Islam, zakat, which is an obligation upon the eligible Muslims to donate a certain proportion of their wealth each year to charitable causes, is an effective Islamic mechanism of income redistribution among the haves and have-nots. Zakat and sadaqah are essential Islamic tool to alleviate poverty, ensure societal harmony, and sustain the economic status of their receivers (Ben Jedidia and Guerbouj, 2021). In similar vein, waqf, takaful, and inheritance are essential Islamic economic instruments instituted in Islam for sustainable economic growth. While the discussion so far focuses on sustainability from Islamic perspective, the next section will review literature on integrated business sustainability based on triple bottom line.

## **Theory of Corporate Sustainability**

For several decades, especially since the renewed interests in sustainability practices by the United Nations, several theories, including corporate sustainability, corporate social responsibility, legitimacy theory, stakeholder theory, social contract theory, and similar others, have evolved to link businesses and sustainability together. Mostly, these theories have been employed to explore the complex interrelationships between sustainability and business practices, particularly when researching into the performance areas that companies should focus on, namely environment, social just, and economic (Chang *et al.*, 2017). Given the existing theories and research opportunities in this area of study, it has become crucial for a research endeavour to discuss the appropriate theory underpinning it. While theory of corporate sustainably provide a theoretical foundation for this study, it is incumbent upon the researchers to briefly offer the background issues precipitating the demands for sustainable practices among businesses.

As noted by Carroll (1999), issues related to sustainability practices can be traced back to 1930s when some published articles on businesses' social responsibility appeared. Despite the earlier efforts, socially responsible practice among businesses was not theorised until 1953 when a research work on social responsibilities of the businessman was published by Howard Bowen (Lee, 2008). Bowen argues that the social responsibilities of businessmen "*refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society*" (Bowen, 1953; p. 6). Since then, the term "social responsibility of businessmen" has evolved to become "Corporate Social Responsibility" (CSR). While the idea behind CSR was construed by many as perfect move to solve several social and environmental problems confronting the world, this concept was not left without criticisms, especially during the 1950s and 1960s, from prominent defenders of the classical creed regarding businesses' roles in society. Among others, Milton Friedman is known to be the most prominent critique of CSR (Chang *et al.*, 2017).

In his books published in 1967 and 1996, Friedman argues that the view of having business organisations extending their social responsibilities beyond serving their shareholders' interests is fundamentally a misconception of the nature of free enterprise society. To Friedman, generating profit for the shareholders is the real social responsibility business organisation and as such, Bowen's proposed social responsibility threatened the character and nature of a free economy. Notwithstanding the objections, CSR witnessed a major breakthrough in 1970 when "A New Rationale for Corporate Social Policy" was published by the Committee for Economic

Development (CED) (Baumol *et al.*, 1970; Rezaee, 2017). In this book, the committee suggests that if the surrounding society deteriorates, businesses will lose their key support structure; thus, it is for the long-term interests of businesses to promote society well-being.

Since CSR, which is built on a sound stakeholder approach, is commonly used as social strand of corporate sustainability practices, it is widely recognised that CSR and corporate sustainability are closely related (Chang *et al.*, 2017). Like CSR, the application of corporate sustainability in the context of business organisation has been very popular since the release of the Brundtland report (Pazienza *et al.*, 2022). While there is no universal definition of corporate sustainability, Chang *et al.* (2017) note that most of the existing definitions of corporate sustainability emphasise the need to balance the economic, environmental, and social sustainability dimensions, in addition to the importance of meeting stakeholders' demands. Meanwhile, corporate sustainability is commonly operationalised through the three dimensions of TBL, covering planet, people, and profit. Developed by Elkington (1997), the TBL lay emphasis on simultaneous pursuit of economic prosperity, environmental quality, and social equity by corporate officials. In the conventional accounting, "bottom line" stands for profit, but TBL adds two more bottom lines, which are planet and people, to the corporate reporting.

Besides the TBL that is commonly used to operationalised the business sustainability practices, sustainable business models offer another crucial approach for promoting corporate sustainability practices. Business models explain how businesses obtain competitive advantages through their main areas of engagement – product or service (Costa Climent and Haftor, 2021). Of the various business models, sustainable business models which incorporate the TBL dimensions and take stakeholders' interests into consideration are most relevant to this discussion. These sustainable business models assist businesses to promote sustainability by integrate sustainability practices into their processes and purposes (Fauzi *et al.*, 2020). While the theory of corporate sustainability has been widely applied in different subject areas (Nosratabadi *et al.*, 2019), this theory unpinned the current study with the assumption that taking a holistic approach to the sustainability practices is completely in line with Shari'ah principles.

### **Review of Literature on the Influence of Sustainability Practices on Business Sustainability**

This section extensively reviews extant literature on corporate sustainability practices. As mentioned, corporate sustainability practices have been linked to the Elkington's TBL, where

plant is construed as environment, people is interpreted to mean social, and profit is understood as economic (Formentini and Taticchi, 2016). Business sustainability, as used in this context, refers to halal businesses ability to remain in business over a long period of time (Catlin *et al.*, 2017). Today, all companies, whether halal or otherwise, rely on business sustainability as a means of designing long-term values and managing the interests of stakeholders. According to Sy (2016), business sustainability is related to the business capability to formulate and implement appropriate strategies that lead to long-term performance. Thus, halal business sustainability is the ability of halal business owners to formulate and implement appropriate strategy and practices that contribute to their competitive advantage and long-term performance. To ensure halal business sustainability, halal business owners need to formulate and implement strategies that take holistic approach to sustainability practices. Thus, to develop hypotheses and conceptual framework for this study, we now turn our focus to the review of literature on the influence of sustainability practices, including environmental sustainability, social sustainability, and economic sustainability, on business sustainability.

### ***Environmental Sustainability Practices and Halal Business Sustainability***

The increasing environmental concerns around the world have called for proactive and responsible practices among industries and business leaders to avoid depleting natural resources and compromising the future generation's ability to meet their daily needs. Such sustainability practices are required to ensure that our ecosystem is protected, quality of lives is improved, and natural resources are preserved for future generations (Bsoul *et al.*, 2022). From business perspective, environmental sustainability practices are associated with taking a holistic approach into everything, from manufacturing to logistics to customer service. As noted by Sy (2016), environmentally friendly businesses operations are consistent with the principle of sustainable development. This suggests that firms' operations will not use up the natural resources faster than they can be replenished, products designed could be disassembled and recycled when worn out, and efficient use of energy when making or transporting firms' products (Lawrence and Weber, 2020).

To adhere to environmental sustainability, Sy (2016) notes that businesses need to undergo three different phases of green management practices. The first phase is pollution prevention in which business focuses on minimising or eliminating waste before it is created.

The send phase is product stewardship where managers focus their attention on all environmental impacts associated with product life cycle starting from design to its final consumer and disposal. The third is the adoption of clean technology where technology that support environmental protection is develop or acquired for the business. Yu and Zhao (2015) document that there are alternative theories, which are value-creating and value-destroying, regarding the impact of sustainability on firm value. Value-creating suggests that the integration of environmental and social sustainability into corporate strategies will promote long-term value and business sustainability; whereas value-destroying approach to sustainability predicts that managers involvement in socially responsible activities is at the expense of shareholders. As against the later theory, Alshehhi et al. (2018) claim that the majority of extant studies in this area have reported a positive relationship between sustainability practices and business sustainability.

Ali et al. (2020) investigate the impact of eco-consumerism on financial performance and sustainability of textile firms in Malaysia, they find that textile firms that adopted Environmental Management Systems (EMS), such as ISO 14001, show significant changes in performance and are stronger compared with firms which are yet to adopt EMS. Banerjee et al. (2020) examine the impact of environmentally sustainable practices on firm performance and sustainability, they reported that firms that are more environmentally friendly with efficient approach to waste reduction perform better thereby contributing to their sustainability compare with others that are not environmentally friendly. Banerjee and Gupta (2019) investigate the effect of environmentally sustainable practices on research and development intensity among the selected firms, they find that firms' commitment to environmentally sustainable practices increases research and development intensity.

Dzomonda (2022) examines the influence of environmental sustainability commitment on access to finance among SMEs, the author documents a significant effect of environmental sustainability commitment on SMEs' access to finance and sustainability. Similarly, Jayeola (2015) empirically investigates the impact of environmental sustainability practices on the financial performance of SMEs, he finds that pollution prevention and control is positively and significantly related SMEs' performance and sustainability. Also, Sy (2016) explores the impact of environmental sustainability practices on firms' performance and sustainability, she finds that commitment to environmental sustainability practices is positively and significantly related to firms' overall performance and sustainability. Given the reviewed literature, we argue that

environmental sustainability practices will contribute to halal business sustainability. Thus, the hypothesis to be tested in this regard is:

**H1:** Environmental sustainability practice is positively and significantly related to halal business sustainability.

### ***Social Sustainability Practices and Halal Business Sustainability***

Social sustainability has been conceptualised as social component of stakeholders who affect or are affected by business practices (Schönborn *et al.*, 2019). According to the United Nations Global Compact, social sustainability is about discovering and managing the impacts of businesses, whether positive or negative, on people and society. Directly or indirectly, stakeholders, such as customers, employees, workers in the value chain, and local communities, are affected by the operations of businesses and it is crucial to manage these impacts proactively. Missimer and Mesquita (2022) note that several concepts, such as CSR, corporate sustainability, and corporate citizenship, have been used to describe social sustainability in the management literature with CSR being used as the overarching term for this sustainability practice even though CSR often includes environmental responsibility issues as well. Besides, some tools, including social return on investment, environmental, social and governance (ESG), and ISO 26000, now exist to assist businesses account for their social sustainability practices.

Similarly, six out of ten principles developed by the United Nations Global Compact focus on social dimension of corporate sustainability. Issues relating to business social sustainability performance include human rights, community engagement, equity, labour standards, volunteerism, philanthropy, empowerment, work-life balance, safety, living conditions, health, wellness, diversity, etc. After reviewing extant literature, Vallance et al. (2011) identified three types of issues that social sustainability intends to address: (1) development sustainability which intends to address poverty and inequity; (2) bridge sustainability which is concerned about behavioural change so as to achieve bio-physical environmental goals; and (3) maintenance sustainability which focuses on preservation of socio-cultural patterns and practices in the context of social and economic change.

In addition to environmental sustainability which has remained considerably popular among the researchers and business owners, a growing interest in the social performance of

businesses nowadays has suggested that is no longer acceptable to unsustainably exploit social resources and ignore the needs of internal and external stakeholders. Having found its way to politics, economy, and society, social sustainability is now perceived as an important fundamental approach to address the global challenges of the future. Given its importance, business owners and managers are increasingly paying attention to how the requirements of social sustainability can be aligned with company strategies to remain sustainable (Hollensbe *et al.*, 2014; Schönborn *et al.*, 2019). According to Laura Spence, a Professor of Business Ethics at the University of London, aligning social sustainability with company strategies is by emphasising that the rights of internal stakeholder, such as employees, suppliers, and consumers, are of material importance as well as seeking to be “good neighbours” to external stakeholders (i.e., society) by looking after them during the crisis and contributing to society’s general economic prosperity.

Due to its importance, several studies have been conducted to investigate how social sustainability practices among businesses can contribute to their financial performance and, ultimately, business sustainability. Based on the data that were collected from 212 US manufacturing firms, Wang *et al.* (2022) examine how firms’ social sustainability practices can contribute to their social performance, financial performance, and by extension, firms’ sustainability. They find that social sustainability practices directly promote firms’ social performance; indirectly promote employee well-being, equity, and corporate social involvement practices; and enhance financial performance and business sustainability. Schönborn *et al.* (2019) conducted study to ascertain whether corporate social sustainability culture contributes to financial success and sustainability of the European companies, they find that success-related social sustainability dimensions of corporate culture predict firms’ financial success and sustainability.

Ajmal *et al.* (2018) draw on a comprehensive literature review to ascertain the acceptable framework of social sustainability indicators to be conceptualised and integrated into the business world, their findings indicate that environmental and economic sustainability can be driven together with core social indicators (philanthropy, fairness and equality, education, delinquencies, poverty, health, community engagement, diversity, and culture) within an organisation. Furthermore, Lam *et al.* (2022) used data of Hong Kong listed firms to investigate the impact of corporate philanthropy as a form of social sustainability practices on firms’

performance and, by extension, sustainability. Their empirical results show a positive relationship between corporate philanthropy and firms' financial performance and sustainability. Similarly, Muchiri et al. (2022) examine the impacts of firms' ethical and charitable practices on the financial performance of financial institutions in Kenya, they find strong positive relationship these practices and financial performance. Liao (2020) employed data of Chinese listed companies to investigate the effect of philanthropic activities on corporate financial performance and sustainability, they find that corporate charity donation positively contributes to firms' financial performance and sustainability. Based on the reviewed literature, we argue that social sustainability practices will contribute to halal business sustainability.

**H2:** Social sustainability practice is positively and significantly related to halal business sustainability.

**H3:** Corporate philanthropic practice is positively and significantly related to halal business sustainability.

### ***Economic Sustainability Practices and Halal Business Sustainability***

Economic sustainability practices are those practices that contribute to businesses' long-term economic growth without negatively impacting environmental, social, and cultural aspects of the society. Economic sustainability is the third aspect of triple bottom line and particularly crucial for business sustainability as they relate to business economic goals and other reasons for engaging in economic activities (Belay *et al.*, 2022). This aspect of sustainability practices is generally viewed as business economic viability with respect to whether businesses will survive beyond the professional life of the owners and even after transferring to successors. In addition to environmental and social sustainability, businesses need to constantly formulate and implement strategies that would promote the efficient and responsible use of available resources in a way that to provide long-term benefits and contribute to the sustainability of businesses (Njoroge *et al.*, 2019).

A meta-analysis study by Ahtiainen et al. (2015), where the importance of economic, social, and environmental sustainability from the perspective of stakeholders was investigated, find that although equal importance was attached to the economic, social, and environmental sustainability, experts and business owners ranked economic sustainability higher than social and

environmental sustainability. Machen et al. (2021) note that economic sustainability is crucial for business organisations because without it they will practically not be able to engage in either social or environmental sustainability practices. These arguments indicate that experts and business owners considered profit and economic growth as a fundamental for business sustainability. According to Carroll (1998), just as individuals are allowed and expected to work to earn income for being good citizens, businesses are also expected to generate sufficient income that will enable them meet their obligations and reward their reward their shareholders.

Carroll (1998) note further that businesses should make enough income so that their owners are strongly rewarded for their investments as well as to assure stakeholders of the continuity of the business and the flow of services, products, jobs, and several other benefits offered to the community by the company. For this reason, Cegarra-Navarro et al. (2016) investigate the role of economic and social sustainability practices in business financial performance in Spain, they find that economic sustainability is crucial for financial performance and business sustainability. Similarly, Al-Shammari et al. (2022) examine the effect of economic and social sustainability practices on financial performance of 137 S&P 500 firms, they find that attaining superior performance requires the fulfillment of both economic and social sustainability. Based on their findings, Al-Shammari et al. conclude that it is a synergistic relationship, not a zero-sum relationship, between meeting the expectations of shareholders and other stakeholders. Based on the reviewed literature, we argue that economic sustainability practices will contribute to halal business sustainability. To this end, the hypothesis to be tested is as follows:

**H4:** Corporate philanthropic practice is positively and significantly related to halal business sustainability.

### ***Conceptual Framework and Research Gap***

Based on the reviewed literature, although it can be established here that some studies have been conducted on how sustainability practices can contribute to business performance and business sustainability, there are very few, if any, evidence that explicate the implication of Maqasid al-Shariah for halal businesses sustainability practices. In fact, studies on halal business sustainability practices are rare to find and as such, this study is indeed relevant in this case as it employs qualitative and quantitative approaches to investigate the implication of Maqasid al-Shariah for halal business sustainability practices as well as why halal businesses should

integrate sustainability practices into their sustainability strategies and by extension, how doing so can contribute to their sustainability.

Meanwhile, Figure 1 is developed to provide a sense of guidance to the quantitative side of this study. With this figure, the researchers propose here that halal businesses will continue to remain in business if they take a holistic approach to all aspects of sustainability practices, including environmental sustainability practices, social sustainability practices, corporate philanthropic practices, and economic sustainability practices. Specifically, we envisage that environmental sustainability practices will positively and significantly contribute to the sustainability of halal businesses, social sustainability practices will positively and significantly contribute to the sustainability of halal businesses, corporate philanthropic practices will positively and significantly contribute to the sustainability of halal businesses, and economic sustainability practices will positively and significantly contribute to the sustainability of halal businesses. These propositions are in line with the earlier presented hypotheses.

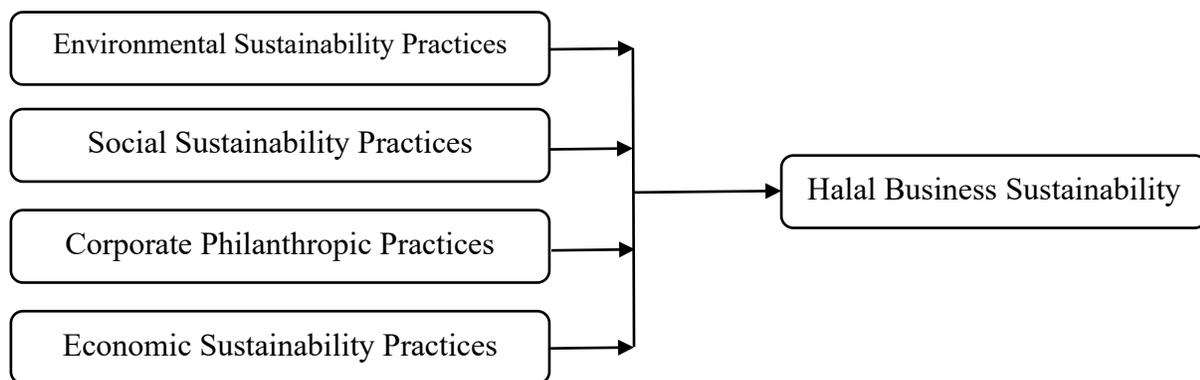


Figure 1: Conceptual Framework

### 3. DATA AND METHODOLOGY

For most studies, researchers are faced with decision about which research design, covering qualitative, quantitative, and mixed methods designs, would appropriately address the research problem (Creswell & Creswell, 2018). According to Creswell (2009), the selection of research design is based on several elements, such as philosophical assumptions, specific research methods, strategies of inquiry, the research problem, personal experiences, and research audience. Based on these elements as proposed by Creswell, the researchers have adopted mixed methods research design for this study since this approach is suitable for the pragmatic paradigm which we have subscribed to view the problems at hand from different perspectives. Evertsson (2015), mixed methods research can be conducted using either sequential sample approach or concurrent sample approach. The researchers have used concurrent sample approach by which semi-structured interview questions and survey questionnaire were employed to collect data simultaneously for this study. Similarly, parallel sample schema was adopted to draw different samples from the same population for qualitative and quantitative aspect of this research (Onwuegbuzie and Collins, 2007).

To adequately address the issue of interest, this research follows four main stages of theoretical, data collection, data analysis, and recommendation. The theoretical stage reviews relevant documents to develop the theoretical and conceptual framework for this study. Based on the reviewed literature, data collection instruments were developed and validated by experts before subjecting them to data collection. Among various qualitative data collection methods (Marshall and Rossman, 2016), an in-depth interview was selected and eight open-ended semi-structured interview questions were developed to collect data from 10 Shari'ah scholars, though point of saturation was reached after the completion of eighth interview. This sample size is in line with Malterud et al.'s (2015) recommendation that a purposive sample of six to 10 informants with diverse experiences may provide sufficient information in an interview based study such as this. To analyse the qualitative data, thematic analysis was used to analyse the themes within data set to identify meaning based on the research questions (Jaiyeoba and Haron, 2016; Kiger and Varpio, 2020).

With respect to quantitative aspect of this study, survey questionnaire was used to collect quantitative data from 302 halal consumers in Klang valley, Malaysia. Our quantitative research instrument was structured into three main sections. The first section covers five items on the demographic profile of respondents, the second section contains items on the respondents' views

on the implications of Maqasid al-Shari'ah for halal business sustainability practices adapted from Qoyum (2018), and the third section covers items on the impact of sustainability practices on halal business sustainability adapted from Jaiyeoba et al. (2021) and Svensson et al. (2016). Section three also covers items regarding the influence of sustainable practices on consumers' buying decisions adopted from (Chen *et al.*, 2019). All items in the section three were rated on a five-point Likert scale, ranging from strongly agree to strongly disagree. The designed questionnaire was pretested using pilot data from 55 respondents.

Quantitative data were analysed using Statistical Package for the Social Sciences (SPSS) and Analysis of Moment Structures (AMOS). Data collected were initially screened for normality, outliers, and common method variance. Here, it was learned that there were no cases of extreme outliers, data were normally distributed, common method bias was not an issue based on Harman's single-factor analysis, and there were no multicollinearity issues based on Variance Inflation Factors (VIFs) test. In the end, SPSS was used to perform Exploratory Factor Analysis (EFA) and reliability analysis based on Cronbach  $\alpha$  (Cronbach, 1951). Moreover, AMOS was used to ascertain model fit, construct validity, Confirmatory Factor Analysis (CFA) and structural model.

#### **4. ANALYSIS**

This section is divided into two. The first section focuses on qualitative data analysis; whereas the second section presents and interprets the various analyses performed on quantitative data.

##### **Qualitative Data Analysis**

Among various competing qualitative analytic methods, we have indicated that thematic analysis was used to analyse our qualitative data. According to Braun and Clarke (2006), thematic analysis is a popular method for analysing qualitative data that covers the process of identifying, analysing, and reporting repeated patterns. This powerful method of data analysis is an appropriate to use especially when a researcher is seeking to understand a set of thoughts, experiences, or behaviours across a data set (Clarke and Braun, 2017; Jaiyeoba, Adewale, Haron, *et al.*, 2018). In agreement with Braun and Clarke (2006), Kiger and Varpio (2020) outlined the steps, guidelines, and descriptions about how to conduct thematic analysis. As noted by Kiger

and Varpio, the process of conducting thematic analysis covers six steps, including familiarising with the data, generating initial codes, searching for themes, reviewing themes, defining and naming the themes, and producing the report/manuscript. Using thematic analysis and in line with our research questions, six themes were generated. These themes together with the findings and some verbatims are discussed here.

### ***The Implication of Maqasid al-Shari'ah for Holistic Sustainability Practices***

This theme discusses the implications of Maqasid al-Shari'ah for holistic sustainability practices by halal businesses from the perspective of Shari'ah. Understanding the implication of Maqasid al-Shari'ah for holistic sustainability practices is particularly important as this will go a long way in shaping the sustainability practices of halal businesses. As documented by Hamidi and Worthington (2021), sustainable practices are consistent with the objectives of Shari'ah since they intend to guide businesses to flourish, operate without negatively impacting the environment, and benefit stakeholders in such that make the world a better place. Thus, we explore this theme by asking Shari'ah scholars about the justifications, from Shari'ah context, that mandated halal businesses to implement holistic sustainability practices, covering environmental, social, and economy. Overall, it was found that there are adequate justifications that mandated halal businesses to take a holistic approach to sustainability practices. In fact, all the Shari'ah scholars interviewed discussed extensively based on Shari'ah on why halal businesses must always pursue holistic sustainability practices. The following responses from Shari'ah scholars illustrate why halal businesses are mandated to pursue holistic sustainability practices:

[...], Sustainability practice is something that Shari'ah encourages us to do. And even not only in the business, but even in Ibaada. When Prophet Muhammad (SAW) inform the Sahaba, *kul aamontu billahi thummo istaqim*, meaning that you do it continuously and which is actually in form of sustainability because sustainability is something that we do, and there is continuation [...]. (Interviewee No. 1)

### ***Shari'ah Scholars' Views on Holistic Sustainability Practices***

In addition to the Shari'ah perspective to holistic sustainability practices, Shari'ah scholars were asked about their views on why halal businesses should always integrate all aspects of

sustainability practices into their strategies. This theme specifically explores the interpretation of various Shari'ah justification earlier provided by Shari'ah scholars. Consistent with the earlier theme, we find more justification from Shari'ah scholars' personal point of views regarding why halal businesses need to prioritise holistic sustainability practices. below quotation justify this finding:

[...] we need to be very mindful about the environment. All these sustainability practices, covering environment, social, and economic, in my personal opinion are something that we need to do it together. And that from my own opinion I consider it as balancing because if you focus on environment, but you don't give back to the society, the people will say we are hungry, we need money, we need something. Also, you cannot be very sensitive or very particular about environment and society, then you forget yourself. Even charity organisations need to maintain their businesses even through strategy. So, we halal businesses need to put all this together, I think it is very important. It is supposed to be like holistically approach, not that we focus on certain areas and we neglect about the rest. (Interviewee No. 6)

### ***The Benefits of Holistic Sustainability Practices to Halal Businesses***

This theme discusses the benefits of holistic sustainability practices to halal businesses based on the Shari'ah scholars' opinions. According to Jaiyeoba, Adewale and Quadry (2018), holistic sustainability practices have direct relevance for halal businesses if done properly as they can enhance their competitiveness, reputation, and image, in addition to the spiritual benefit. Based on the background, Shari'ah scholars' opinions were sought on how they perceived holistic sustainability practices, that is whether they see holistic sustainability practices as something that enhances, hinders, or does nothing for halal businesses' reputation. Interestingly, all the Shari'ah scholars interviewed believe that these practices will enhance the reputation and image of halal businesses. The following extraction from the interviewees support these findings:

For me, I see that sustainability practices have positive impact on halal businesses because doing that will enhance their reputation, doing that will enhance Islamic civilization. Because when you look at the Islamic civilization in the past, you see that they focus on all these aspects. (Interviewee No. 2)

### ***The Appropriateness of Communicating Sustainability Practices***

This final theme explains Shari'ah perspective on the appropriateness of communicating sustainability practices to the general public by halal businesses. According to Siano et al. (2016), despite the upsurge of interest in corporate sustainability communication, several businesses are not communicating their sustainability practices enough for several reasons, especially with respect those practices on environment and social. On this issue, the Shari'ah scholars interviewed unanimously agree that communicating sustainability practices does not contradict Shari'ah principles if the process of doing so itself does not violate Shari'ah requirement. Hence, communicating sustainability practices is permitted from Shari'ah perspective. Below verbatim were extracted from the interviewees' responses:

[...], For me, there is no any Shari'ah issue in communicating sustainability practices. Just because we need more awareness, just because we need someone to be like examples for others. So, when we say halal businesses are following or they are doing sustainability practices, how do we know? They need to make it known to the public. Making it known to the public doesn't mean that they are showing off but at the same time we need to enlighten them that showing off of this kind of thing that we consider as good deed is between them and Allah. But I can see that the positive impact is actually is something that we can see. For individual maybe we can say okay, but if we are talking about halal businesses, showing off is not really an issue. [...]. (Interviewee No. 10)

### **Quantitative Data Analysis**

This subsection presents and interprets the analyses performed on the quantitative data. The analyses presented and interpreted in this section consist of descriptive analysis, EFA, reliability analysis, measurement model, and structural model. Specifically, descriptive analysis was used to analyse data on the demographic profile of respondents, respondents' views on whether sustainability practices are consistent with Maqasid al-Shari'ah, and whether the sustainability practices have influence on consumers' buying decisions. Exploratory factor analysis was used to minimise the questionnaire items into manageable sizes as well as to ascertain the convergent and divergent validity of research variables. The reliability test was conducted using the Cronbach's alpha method to verify whether the data obtained are consistent and reliable. Confirmatory factor analysis was used to verify the factor structure of a set of observed variables as well as to test hypothesis for the existence of relationship between observed variables and their underlying latent constructs. Finally, structural equation modelling was used to ascertain the relationship between dependent variable and independent variables in more depth.

## *Descriptive Statistics*

### *Demographic Profile of Respondents*

Our focus here is to analyse the demographic profile of respondents from whom data were collected for this study. As shown below Table 1, about 68% of our total respondents are female and 32.1% are male respondents. With respect to the respondents' age group, 96% of the total respondents are within the age range of 19-35 years, 4% are within the age range of 36-55 years, and none of them are above 55 years of age. Regarding their level of education, 66.6% of our respondents are bachelor's degree holders, 23.8% are diploma holders, and 9.6% are post-graduate degree holders. With reference to whether respondents were familiar with the concept of business sustainability practices, about 42% of them are very familiar with the concept of business sustainability practices, almost 58% have heard of business sustainability practices, while others (95 respondents) who are not familiar with this concept were completely removed from data set. Regarding the respondents' opinions on whether it is important for halal businesses to embrace sustainability practices, 97% of our respondents indicated extremely important, 2.6% indicated less important, and only one respondent indicated that it is not important for halal businesses to embrace business sustainability practices.

Table 1 Demographic Profile of Respondents

S/N	Variable	Category	Frequency	Percentage (%)
1	Gender	Female	97	32.1
		Male	205	67.9
2	Age	19-35	290	96.0
		36-55	12	4.0
		Above 55	Nil	Nil
3	Educational level	Diploma holder	72	23.8
		Degree holder	201	66.6
		Post-graduate degree holder	29	9.6
	Are you familiar with the concept of business sustainability practices?	I have heard of sustainability practices	175	57.9
		I am familiar with sustainability practices	127	42.1
4	How important is it to you that halal businesses embrace sustainability practices?	Extremely important	293	97.0
		Less important	8	2.6
		Not important	1	0.3

### ***Are Sustainability Practices Consistent with Maqasid al-Shari'ah?***

Here, we discuss the analyses performed on the respondent opinion about whether sustainability practices are consistent with Maqasid Al-Shari'ah. As shown in Table 2, approximately 93% of the respondents agree that being an eco-friendly business is consistent with the objective of Shari'ah – environmental sustainability practices. About 83% agree that engaging in halal business activities and implementing excellent strategies for profit is consistent with the objective of Shari'ah – economic sustainability practices. Exactly 94% agree that engaging in community engagement and giving back to charities to support people's wellbeing are consistent with the objective of Shari'ah – social and philanthropic practices. Little above 85% agree that having good relations with stakeholders, respecting their rights, and caring for them are consistent with the objective of Shari'ah – social sustainability practices. Overall, majority of our respondents resoundingly agree that sustainability practices are consistent with Maqasid Al-Shari'ah.

Table 2 Sustainability Practices Consistent with Maqasid Al-Shari'ah

S/N	Sustainability Practices Consistent with Maqasid Al-Shari'ah	Scale	Frequency	Percent
1	Being an eco-friendly business is consistent with the objective of Shari'ah	Disagree	Nil	Nil
		Neutral	22	7.3
		Agree	280	92.7
2	Engaging in halal business activities and and implementing excellent strategies for profit is consistent with the objective of Shari'ah.	Disagree	Nil	Nil
		Neutral	53	17.5
		Agree	249	82.5
3	Engaging in community engagement and giving back to charities to support people's wellbeing are consistent with the objective of Shari'ah.	Disagree	Nil	Nil
		Neutral	18	6.0
		Agree	284	94.0
4	Having good relations with stakeholders, respecting their rights, and caring for them are consistent with the objective of Shari'ah.	Disagree	1	.3
		Neutral	43	14.2
		Agree	257	85.1
5	I believe that the ultimate goal of halal businesses is to help in fulfilling human needs?	Disagree	2	.7
		Neutral	43	14.2
		Agree	257	85.1

### ***Sustainability Practices and Consumers' Buying Decisions***

Table 3 presents the analyses performed on questions regarding whether sustainability practices have influence on consumers' buying decisions. As shown, approximately 74% of the

respondents (agree or strongly agree) prefer to pay more to buy products from a socially responsible company. About 82% of them (agree or strongly agree) consider sustainability practices and ethical reputation of halal businesses while making buying decisions. Around 85% (agree or strongly agree) of them would avoid buying products from companies that are engaged in immoral actions. Almost 85% of the respondents prefer paying more to buy products from halal businesses that show care for the wellbeing of our society and environment. If the price and quality of two products are the same, 85.4% of the respondents would prefer to buy from a firm that embrace sustainability practices. In general, our results indicate that sustainability practices strongly influence consumers' buying decisions and as such, the issue of holistic sustainability practices need to be taken seriously by halal businesses.

Table 3 Sustainability Practices and Consumers' Buying Decisions

S/N	Variable	Category	Frequency	Percentage (%)
1	I would prefer to pay more to buy products from a socially responsible company	Strongly disagree	2	0.7
		Disagree	5	1.7
		Neutral	72	23.8
		Agree	100	33.1
		Strongly agree	123	40.7
2	I consider sustainability practices and ethical reputation of halal businesses when I shop	Disagree	8	2.6
		Neutral	48	15.9
		Agree	93	30.8
		Strongly agree	153	50.7
3	I will avoid buying products from companies that are engaged in immoral actions	Strongly disagree	1	0.3
		Disagree	9	3.0
		Neutral	34	11.3
		Agree	75	24.8
		Strongly agree	183	60.3
4	I would pay more to buy products from halal businesses that show care for the wellbeing of our society and environment	Strongly disagree	2	0.7
		Disagree	4	1.3
		Neutral	40	13.2
		Agree	87	28.8
		Strongly agree	169	56.0
5	If the price and quality of two products are the same, I would buy from a firm that embrace sustainability practices	Disagree	4	1.3
		Neutral	40	13.2
		Agree	69	22.8
		Strongly agree	189	62.6

### *Inferential Statistics*

### ***Exploratory Factor Analysis (EFA)***

Exploratory Factor Analysis (EFA) is one of the multivariate statistics that is commonly used to discover the underlying structure of a reasonably large set of variables. To extract factors for this study, PCA method was used to assess the convergent and divergent validity, essentially to ascertain how the 32 items used to measure each variable were related or unrelated. Rather than testing the hypothesis, factor analysis is used to summarise data using a smaller set of components. Before subjecting these variables to structural analysis, factor analysis helps to minimise a high number of related variables to a manageable quantity (Pallant, 2011).

In satisfying the assumptions and restrictions of this analysis, the correlation matrix (not shown here) results show medium to strong relationship between the variables, indicating that there is no issue of multicollinearity (Hair *et al.*, 2014). The value of KMO is 0.958 and Bartlett's test of sphericity is significant with a p-value of  $< 0.05$  ( $\chi^2 = 9479.301$ ,  $df = 496$ ,  $p\text{-value} = 0.000$ ), suggesting that the sample size is adequate and that EFA can be appropriately performed on our data. Furthermore, the results of communalities (not show here) show that there is reasonable amount of variance in each variable since averaged extracted communalities values are above 0.7 (Yong and Pearce, 2013).

Furthermore, five factors with eigenvalues greater than one were extracted based on Varimax rotation method (a method that help to transform the factor loadings to a pattern that is easier for inspection and interpretation) (Kaiser, 1958). These factors explained accumulated variance of 75.30. Specifically, factor 1 accounts for 18.28%, factor 2 accounts for 15.66%, factor 3 accounts for 15.33%, factor 4 accounts for 14.96%, and factor 5 accounts for 11.07%, respectively. Meanwhile, the five factors generated are presented in Table 4. In addition, this table also contains the results of reliability analyses performed on the five variables extracted through the EFA. According to Mohamad *et al.* (2015), reliability analysis is a statistical tool for determining internal consistency. In this study, Cronbach's alpha coefficient was used to determine the degree of internal consistency of the research variables. As shown, none of the Cronbach's alpha coefficients is less than 0.7 benchmark (Cronbach, 1951). this indicates that the relationships between individual items in the scale are reliable and consistent. As such, none of the items screened for the analysis was dropped as recommended by Hair *et al.* (2014).

Table 4 Rotated Component Matrix

Variable	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Cronbach's alpha
Environmental_Sustainability3	.819					.948
Environmental_Sustainability4	.774					
Environmental_Sustainability2	.738					
Environmental_Sustainability1	.709					
Environmental_Sustainability5	.702					
Environmental_Sustainability7	.685					
Environmental_Sustainability6	.666					
Corporate_Philanthropy3		.812				.921
Corporate_Philanthropy4		.812				
Corporate_Philanthropy5		.776				
Corporate_Philanthropy6		.718				
Corporate_Philanthropy2		.697				
Corporate_Philanthropy1		.594				
Corporate_Philanthropy7		.568				
Business_Sustainability3			.765			.947
Business_Sustainability4			.729			
Business_Sustainability5			.710			
Business_Sustainability7			.707			
Business_Sustainability6			.686			
Business_Sustainability2			.681			
Business_Sustainability1			.602			
Social_Sustainability2				.804		.959
Social_Sustainability3				.775		
Social_Sustainability1				.738		
Social_Sustainability4				.690		
Social_Sustainability5				.660		
Social_Sustainability6				.631		
Economic_Sustainability3					.815	.848
Economic_Sustainability2					.766	
Economic_Sustainability1					.710	
Economic_Sustainability4					.677	
Economic_Sustainability5					.581	

**Measurement Model Results**

Following the extraction of five factors through the EFA, a confirmatory factor analysis was performed to ascertain the model fit and construct validity. As noted by Hair et al. (2014), assessing the model fit and construct validity is essential prior testing the hypotheses. To achieve this essential requirement, we follow the five systematic process of performing measurement model as outlined by Shek and Yu's (2014). These five steps cover data screening, model specification with AMOS Graphics, parameter estimation, goodness-of-fit assessment, and model modification. Besides, convergent validity and discriminant validity are equally crucial to ascertain at this point. Meanwhile, we have already indicated that data collected were initially screened to ascertain that there were no issues of unengaged responses, outliers, normality, and common method variance. Using AMOS Graphics, model was specified.

Next, the specified measurement model was estimated freely without any constraints. For the assessment of goodness-of-fit, five indices, including Comparative Fit Index (CFI), Incremental Fit Index (IFI), consisting  $\chi^2$ , Tucker–Lewis Index (TLI), Root Mean Square Error of Approximation (RMSEA), were employed to assess the goodness-of-fit. Notably, the model was not acceptable at first because it was not fitted. However, the values of the above indices, as shown in Figure 2, indicated satisfactory results in relation to  $\chi^2 = 2.629$ , CFI = 0.922, IFI = 0.922, TLI = 0.914, and RMSEA = 0.075 following the modification of measurement model.

Moreover, the Average Variance Extracted (AVE) that was used to measure convergent validity reveal a significant degree of convergent validity for each of the constructs. The estimated values of AVE are all above 0.5 benchmark (Bagozzi and Yi, 1988). Similarly, the discriminant validity, which confirm that the constructs that should not be related are indeed unrelated, was also established based on the fact that the squared correlations between a pair of latent constructs were all less than the AVE of specific construct (Fornell and Larcker, 1981). Overall, there are no validity concerns for the analyses performed and our statistical conclusions. In summary, Figure 2 represents the measurement model developed for the present study.

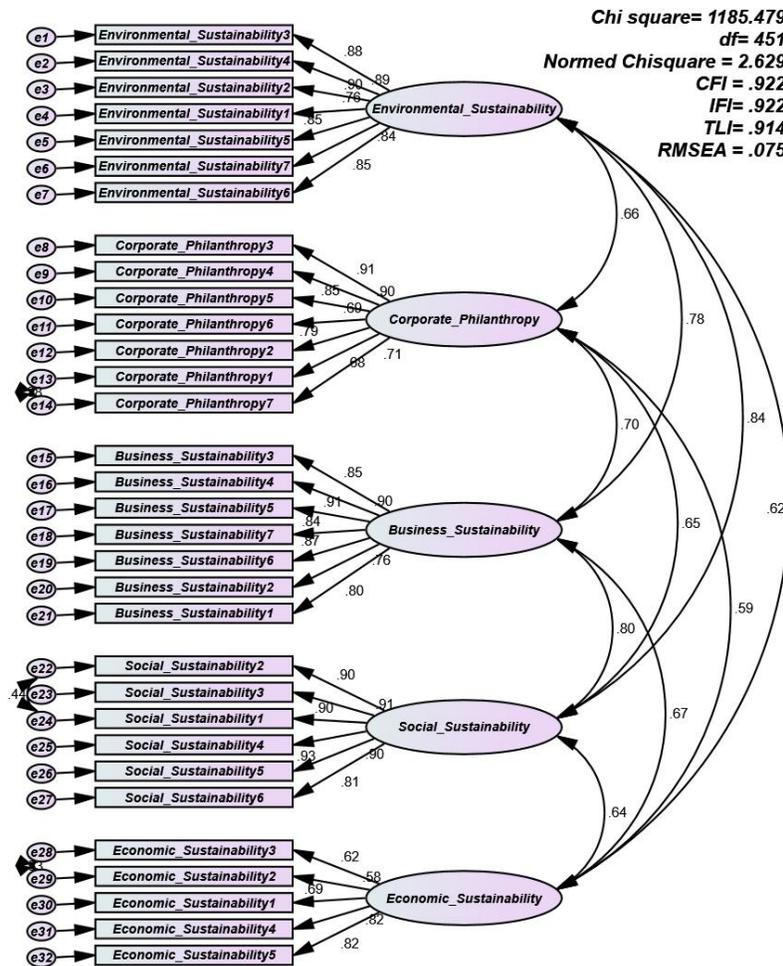


Figure 2 Measurement Model

### Structural Model Assessment for Hypothesis Testing

The final quantitative analysis performed for this study is structural equation modelling to test the developed hypotheses. In testing the hypotheses as shown in Table 5 and Figure 3, an assessment of path estimates indicates that environmental sustainability practices are positively and significantly related to halal business sustainability ( $\beta = 0.254, p < 0.05$ ); this result supports hypothesis 1 which projects positive and significant relationship between environmental sustainability practices and halal business sustainability. Moreover, analysis also show that social sustainability practices are positively and significantly related to halal business sustainability ( $\beta = 0.362, p < 0.05$ ); this finding supports hypothesis 2 which predicts positive and significant relationship between social sustainability practices and halal business sustainability. Similarly, path estimates also reveal that corporate philanthropic practices are positively and significantly

related to halal business sustainability ( $\beta = 0.181, p < 0.05$ ); this result also supports hypothesis 3 which states that corporate philanthropic practices are positively and significantly related to halal business sustainability. Finally, analysis also indicate that economic sustainability practices are positively and significantly related to halal business sustainability ( $\beta = 0.217, p < 0.05$ ); this finding support hypothesis 4 which indicates positive and significant relationship between economic sustainability practices and halal business sustainability. As represented by  $R^2$ , the four independent variables accounted for 77% of the total variance in dependent variable.

Table 5 Regression Weights

	Variable	Estimate	S.E.	C.R.	P
Business Sustainability <---	Environmental Sustainability Practices	.254	.065	3.897	***
Business Sustainability <---	Corporate Philanthropic Practices	.181	.035	5.181	***
Business Sustainability <---	Social Sustainability Practices	.362	.064	5.624	***
Business Sustainability <---	Economic Sustainability Practices	.217	.044	4.918	***

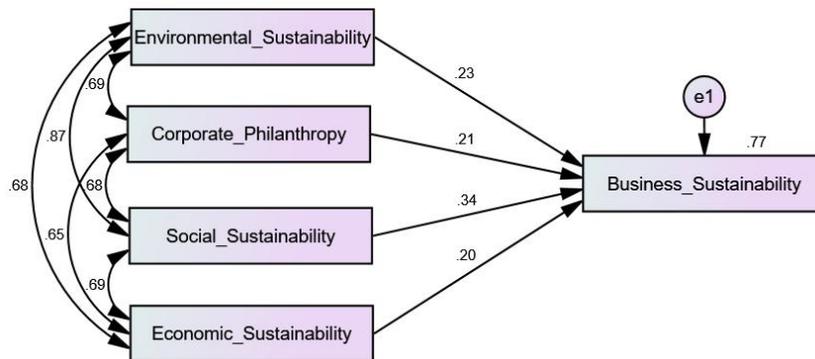


Figure 3. Structural model

### Discussion of Findings

The main reason for conducting this research is to explore the implications of Maqasid al-Shari'ah for halal business sustainability practices. In addition, this study also examines the impact of sustainability practices on halal business sustainability. Based on the above reasons, mixed methods research design was adopted in line with pragmatic paradigm. While qualitative data were collected from Shari'ah scholars, quantitative data were collected from halal consumers in Klang Valley Malaysia. To analyse the qualitative data, thematic analysis was

adopted, and it was discovered that there are adequate justifications in Shari'ah that mandated halal businesses to take a holistic approach to sustainability practices, that sustainability practices will enhance the reputation and image of halal businesses, and that that communicating sustainability practices does not contradict Shari'ah principles if the process of doing so itself does not violate Shari'ah requirement. These findings confirms that sustainability practices are certainly encouraged in Islam, halal business must take them seriously.

Besides, we also employed descriptive and inferential statistics in analysing the quantitative data, and it was discovered that environmental sustainability practices are positively and significantly related to halal business sustainability, social sustainability practices are positively and significantly related to halal business sustainability, corporate philanthropic practices are positively and significantly related to halal business sustainability, and economic sustainability practices are positively and significantly related to halal business sustainability. The finding on positive and significant relationship between environmental sustainability practices and business sustainability is consistent with the study of Jayeola (2015) where it was found that pollution prevention and control is positively and significantly related SMEs' performance and sustainability, as well as Sy (2016) who found that commitment to environmental sustainability practices is positively and significantly related to firms' overall performance and sustainability.

Similarly, our finding that there is positive and significant relationship between environmental sustainability practices and business sustainability supports the earlier cited studies by Wang et al. (2022) which reported that social sustainability practices directly promote firms' social performance as well as Schönborn et al. (2019) that find that success-related social sustainability dimensions of corporate culture predict firms' financial success and sustainability. Furthermore, our finding that corporate philanthropic practices are positively and significantly related to halal business sustainability accentuates the results of Muchiri et al. (2022) who found that firms' ethical and charitable practices are strongly related to financial performance as well as Liao (2020) who found that corporate charity donation positively contributes to firms' financial performance and sustainability.

Finally, our finding that economic sustainability practices are positively and significantly related to halal business sustainability supports Cegarra-Navarro et al. (2016) who found that economic sustainability is crucial for financial performance and business sustainability as well as

Al-Shammari et al. (2022) who found that attaining superior performance requires the fulfillment of both economic and social sustainability.

## **5. IMPLICATIONS AND CONCLUSION**

Theoretically, our research has significantly contributed to the body of knowledge. First, this study has combined both qualitative and quantitative to investigate the implications of Maqasid al-Shari'ah for halal business sustainability practices and the impact of sustainability practices on halal business sustainability in a single study. This is probably the first study that would investigate the of this magnitude in a single study as done here. Secondly, we have revealed that Shari'ah indeed encourages both humans and halal businesses to always consider the full extent of sustainability practices. Practically, our findings have serious implication for halal businesses, especially if they are to be sustainable. Since consumers are no longer interested in buying responsible products from irresponsible companies, it is down on halal businesses to take this issue seriously to be sustainable. Ever than before, environmental, social, and philanthropic practices are crucial for halal business sustainability. Therefore, taking an integrated approach to the sustainability practices that translate economic, environmental, and social concerns into company's strategy has become a must for halal businesses sustainability.

In conclusion, this study has revealed that holistic sustainability practices are consistent with Maqasid al-Shari'ah. In addition, it has also shown that holistic sustainability practices are crucial for the long-term performance of halal businesses. To arrive at this conclusion, we have conducted extensive literature review, developed semi-structured interview questions and survey questionnaire, collect data from Shari'ah scholars and halal consumers in Malaysia, and finally analysed the data using thematic method, descriptive, and inferential statistics. The researchers call on future research to collect more qualitative and quantitative data and conduct more studies to shed more light on the issue in this study.

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