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Culture and CSR: Impact of Islam on Social Aspect of CSR in ESG Scoring Perspective.
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Abstract

Today, firms are increasingly being judged based on their CSR performance, which is measured using ESG scoring component which stands for environmental, social and governance. The extent to which firms perform their CSR activities often follow the demand set by the society. Among the factor shaping CSR demands are religion, which because of its importance among its adherent formed the basic value of a society which in turn affects the type of “good” people think about companies and their CSR agenda. Islam is a religion that emphasizes on societal value and philanthropy, therefore, does CSR scoring of firms performed in Islamic countries have higher tendency on S scores rather than the environmental or governance? The research was conducted by regressing the difference between S scores compared to the average of E and G as well as each of the score individually on majority Muslim countries and worldwide countries. The regression shows that indeed Islamic countries tend to have higher S scores compared to E and G, but surprisingly this scoring falls below the world standard. This phenomenon was resulted by the commonality of societal CSR as tool by firms to attract consumer retention, as well as weak enforcement of factors that contributes to S scoring such as labor condition and equality among Muslim nations.

Keyword: CSR, ESG, Islam, Culture