SOCIAL REPORTING BY ISLAMIC BANKS: DOES SOCIAL JUSTICE MATTER?

Rania Kamla

School of Accounting and Finance

The University of Dundee

United Kingdom

Email: r.kamla@dundee.ac.uk

Hussain G. Rammal

International Graduate School of Business

University of South Australia

Australia

Email: hussain.rammal@unisa.edu.au

SOCIAL REPORTING BY ISLAMIC BANKS: DOES SOCIAL JUSTICE MATTER?

ABSTRACT

All religions place significant importance to social justice and equality. Furthermore, financial institutions have an important role in channelling funds to those who need them the most, enhancing equality and justice in society. Islamic banks are placed in a position where they are expected to play a significant role in equitable redistribution of wealth in society and attaining social justice. This study examines reporting by ten Islamic banks regarding their social justice role in societies they operate in. It explores if certain themes related to social justice are present (or absent) from their annual reports and websites. By using ‘immanent critique’, the study delineates the values that Islamic banks claim to hold and confronts them with what it is in fact becoming as depicted by their disclosures (or silences). The study concludes that disclosures by Islamic banks explored in this study do not indicate that Islamic banks have serious schemes targeting poverty elimination or enhancing social justice in society.

1. INTRODUCTION

Issues of social justice, poverty and wealth redistribution are matters of great concern to the world (Ahmed, 1991; Thakur, 1996). Reasons for poverty in society are complex and historical (Khan, 1994). A significant dimension of these reasons is that many of the poor, who have the potential to save, do not have the channels to mobilize their savings into productive usage (Khan, 1994). Further, those who need finance cannot obtain it due to the absence of developed financial institutions in rural areas or due to the reluctance of commercial banks to channel money to micro-entrepreneurs and the cash poor (Khan, 1994; Richards, 2006). In this context, the banking system, as a financial intermediary, has a significant influence on wealth distribution in society, issues of poverty elimination and social justice.

Recently, the financial crisis has drawn significant and increased attention to socio-economic dimensions in finance and banking. More attention is now given to the wider implications of the financial sector on the distribution of wealth in society (Hopwood, 2009; Sikka, 2009). Similarly Islamic banks are also expected to play such a socio-economic role. The specific emphasis on Islamic banks is because, unlike conventional banks, they market themselves significantly on ethical and social grounds (Kuran, 2006; Visser, 2009). They claim to build on Sharia (Islamic law) teachings which main purpose is the attainment of social justice (Ahmed, 1991; Iqbal, 2002). Furthermore, Islamic banks operate mainly in the Islamic world. The contemporary Muslim world faces a vast number of socio-economic problems including mass poverty and income inequalities, fiscal deficits and large stacks of debt (Yasin and Tahir, 2002). This means that Islamic banks are positioned in contexts where they can make a real difference. They are in a special position as they have access to a large amount of wealth and liquidity from the oil rich Gulf States that they can mobilize to serve socially viable investments and project. The purpose of this study is to explore the socio-economic role Islamic banks play with emphasis on activities that promote social justice and distribution of wealth in the society. The study uses ‘immanent critique’ to highlight any contradictions that may exist between actualities of Islamic banks’ operations and their proclaimed ideology. The theoretical part of the study elaborates on the central position that social justice holds in Islamic teachings and Sharia, the claimed ideological basis for Islamic banks. The empirical part explores social justice related reporting by Islamic banks. It explores whether Islamic banks disclose or provide information that indicate their contribution to the attainment of social justice and eradication of poverty in societies they operate in. Contradictions between the ideal claims of Islamic banks and their actualities will be assessed and reflected upon. This is to allow for possible radical changes to Islamic banks’ social role(s).

2. RELIGION AND SOCIAL JUSTICE: SOCIAL JUSTICE AS A CORE PRINCIPLE IN ISLAM

The context of justice presupposes ‘unfulfilled needs and wants, competition for scarce goods and resources, rivalry for rewards and privileges, and, very importantly, the urge to power and prestige’ (Thakur, 1996, p.8). In other words, ‘the more imperfect the world, the greater its need for justice' (Thakur, 1996). Thakur (1996, p.10) explains that social justice in our contemporary context primarily refers to distributive justice, especially as it pertains to the distribution of economic goods and political status and power in society.[1] Justice and equality are closely interrelated insofar as the one cannot be meaningfully implemented without the other. For justice often means 'equal treatment and the equal distribution of advantages and burdens' (Kamali, 2002, p.ix).

Exploring ways in which religion can contribute to attaining social justice and equality in society is very relevant and important (Thakur, 1996; Goltlieb, 2002). Thakur (1996) argues that the most significant role that religion can play in advancing the cause of social justice is through its emphasis on morality and spiritual visions necessary for attaining social justice in society. Many religions such as Christianity and Islam make claims that the main purpose of their message and teaching is to advance social justice in societies (Thakur, 1996; El-Gamal, 2006), thus going beyond righteousness or charity to perceive the pursuit of justice to be its core value (Goltlieb, 2002).

2.1 Islam and social justice

According to Ahmed (1991) Islam enjoins justice in all manners of human life and society. Kamali (2002, p.xi) also maintains that examining the Quran's evidence on justice 'leaves one in no doubt that justice is integral to the basic outlook and philosophy of Islam, within or beyond the Sharia itself'. This understanding is so dominant in Islamic thought that the interpretation of what constitute Sharia has focused largely on its role in achieving social justice. Kamali (2002), thus, maintains that in this sense Sharia is committed to justice as a core value and the success of Sharia application depends on its success to attaining justice. These notions have led many pioneering Islamic economists to conclude that '*The Islamic paradigm…gives primary importance to moral values, human brotherhood, and socio-economic justice*' (Chapra, 2000, p.57).[2]

As social justice is perceived as an indisputable core aspect of the Islamic faith, gross inequalities of income and wealth are, therefore, in contrast to Islam's spirit (Ahmed, 1991). The Quran on a number of occasions affirms 'the fraternity of people, their unity of origin, and equality in the eyes of the Creator' (Kamali, 2002, p.134). The Quran cautions against glaring inequalities in income and wealth in verse (59:7), where it is said that wealth should not be allowed to become a 'commodity between the rich among you'. Countering poverty in community has been addressed through encouraging charity but most importantly rendering assistance to the poor that enable them to become self supporting (Ahmed, 1991). It was reported that the Prophet bought a needy man an axe to cut wood instead of just giving him charity to meet his immediate requirements (Ahmed, 1991). Therefore, Islamic socio-economic systems based on the teachings of Islam, Muslim jurists argue, should establish that the collective duty of society is to provide all with the necessities of life but also to eradicate gross inequalities in income and wealth (Ahmed, 1991).

One of the most important tools for many Muslims for ensuring wealth redistribution and transfer from the rich to the poor is *Zakat* (Badawi, 1979). The purpose of *Zakat* is to assist in the re-distribution of wealth and to ensure social justice in the society (Badawi, 1979; Kuran, 2003). The use of the alms is described in the Quran in Surah Al-Tauba (9:58-60).[3] Other issues discussed in the Holy Quran and Hadith that have bearing on social justice and income distribution in Islam include the ban of interest in Islam; limit profit earning in the interest of equitable distribution; holding workers in very high esteem and the opposition of exploitation of labour; the obligation for all persons of means to spend a part of their wealth for the welfare of the poor and needy and dissuading people from extravagance and encouragement of voluntary spending (see Ahmed, 1991).

3. ISLAMIC BANKS, SOCIAL JUSTICE AND ERADICATION OF POVERTY

Lack of access to finance is perceived as a key reason for the poor to remain poor (Burgess and Pande, 2004). Richards (2006) explains that ninety per cent of the world's self-employed poor – more than a billion people – lack access to basic financial services. By redistributing money from those who have it to those who need it, banking can change these people's lives (Richards, 2006). Hassan and Alamgir (2002, p.125) maintain that the roots of poverty lie in that the poor are 'systematically disorganized by economic, social and political relationships within which they are caught'. The only long-term solution to the problem of poverty, therefore, lies in assisting the poor to challenge the relationships that improvised them. This, they explain, can only be done by increasing the awareness of the poor so that they can collectively demand escape from exploitation. Credit plays a key role here, which allows the poor to break away from their dependence on moneylenders and to invest in their own employment generating income (Hassan and Alamgir, 2002). Hassan and Alamgir (2002) maintain that over the last two decades the innovative microcredit programmes run by the famous Grameen Bank and hundreds of NGOs have contributed to improving the quality of life of millions of people, mostly women.

Despite evidence that the access to microcredit by the cash poor and micro-entrepreneurs can make a difference to the quality of life in poorer areas and communities, commercial and conventional banking have so far generally shied away from microfinance programmes and from direct contact with the poor especially in rural areas (Hassan and Alamgir, 2002). Moore (2001) maintains that banks in general are increasingly less willing to provide loans to the poor. They are more geared towards higher income groups. The poor are usually perceived by conventional banks as high-risk borrowers due to the difficulties in assessing their credit worthiness and their inability to provide collateral to pledge against potential risk (Dusuki, 2008). Lack of credit availability to the poorer segments of society pushes the poor towards the informal lending sector, where they have to pay usurious rates of interest. These conditions keep the poor in a vicious cycle of credit and poverty (Hassan and Alamgir, 2002).

Although efforts to restructure the entire economy according to Islamic criteria have been limited to a handful of countries, there is one domain, banking, where the influence of Islamic economics have spread widely. There now exist Islamic banks, or branches of such banks in more than sixty countries (Kuran, 2006). All of these banks claim that their activities are interest-free and that their activities and decisions rest on considerations broader than profit maximization (Kuran, 2006). In particular, emphasis on a fairer financing system where people and not profits are the main consideration is what distinguishes Islamic banks from conventional banks.

According to Ahmed (1991), Islamic finance and banking can provide an alternative to the way that credit to the cash poor and micro-entrepreneurs is perceived in conventional commercial banks. For instance *mudarabah* (similar to venture capital), emphasizes the profitability of the project rather than its ability to pledge collateral. This provides a more effective way to using the banking system to redistribute wealth from those who have it to those that do not and to achieve the social justice aims of Islamic society (Ahmed, 1991; Kuran, 2006). Similarly, Farook (2008) maintains that concepts such as *qard hasan* in Islam are great opportunities for Islamic banks to assume a special social role in society. *Qard hasan* is a 'gratuitous loan given to needy people for a fixed period without requiring the payment of interest or profit' (Farook, 2008, p.47). Farook (2008) explains that Islamic banks by implementing *qard hasan* in their institutions can channel funds from depositors and customers and allocate them to those who them most.

The role of Islamic banks in poverty elimination, Khan (1994) explains, can include the financing of corporations involved in infrastructural projects like roads, water supply schemes and energy projects; managing specially-created Small Industries Funds for Rural Areas; collaborating with mosques-based NGOs and other private-sector organizations in improving skills and running educational institutions (Khan, 1994). Furthermore, the elimination of interest in Islamic finance has been highlighted as an important dimension for achieving social justice in societies. Iqbal (2002) explains that distribution of credit in the society on the basis of interest is one of the main reasons of mal-distribution of income and wealth. By prohibiting interest, and using profit and loss sharing products instead (such as *mudarabah*) the Islamic system provides greater opportunity for the poor to have access to credit (Iqbal, 2002).

4. ACCOUNTING AND REPORTING, SOCIAL JUSTICE, RELIGION AND CRITICAL THEORY

Previous sections have highlighted the importance for financial institutions, including Islamic banks, to play a significant socio-economic role in society beyond profit maximization for shareholders. In this context, critical theories in accounting and finance offer a major contribution to the research. Critical theories have been long concerned with issues of social justice in society. Building on socialist and Marxist conceptions of justice, existing inequalities are understood to be the result of the exploitation of the many by the few, namely the ruling classes (Thakur, 1996). Arnold (2009) elaborates how critical theorization in accounting and finance offers ways to understand the political and social role of accounting and finance and how they impact on income, wealth and power distribution within society (see Tinker, 2004; Gallhofer and Haslam, 2004). Critical theorization in accounting and finance questions the 'allocative' efficiency of the market and emphasizes the ways in which accounting and finance are implicated in the transfer of wealth between social classes in society (Arnold, 2009, p.805). Despite these repressive aspects of accounting highlighted in the critical accounting literature, critical accounting theorists have also elaborated on ways that accounting could bring 'enabling, empowering and emancipatory' potentials (Gallhofer and Haslam, 2003). These potentials, many theorist in the field maintain, can be achieved through a social form of accounting and reporting that can be mobilized to challenge conventional accounting and reflect to go beyond its 'narrow instrumentalism' (Gallhofer and Haslam, 2003, p.106).

Critical theory retains a rejection to religion and metaphysics (Antonio, 1981). However, from previous section's discussions, it transpires that religious teachings have an important contribution to make to social justice debates in accounting and finance. Furthermore, insights from religion and theological dimensions can also contribute to the pursuit of social justice through enhancing spiritual aspects to accounting and finance. Shapiro (2009) elaborates how Jewish and Christian theological tradition constitutes developed and embedded traditions that can support the spiritual development of individuals and in their relationships with each other and with society. Furthermore, the Islamic approach to social justice and elimination of poverty and its use of both secular and spiritual dimensions to achieve this can provide an inspiration to a more emancipatory and enabling accounting (see Kamla et al., 2006; Kamla, 2009).

A core dimension of critical theory is 'immanent critique' (Held, 1980; Antonio, 1981). Antonio (1981, p.333) elaborates that immanent critique is a 'necessary weapon in the struggle for progressive social change, because they provide a basis for critique within historical reality'. Immanent criticism begins by re-examining an object's conceptual principles and assessing its implication and consequences (Held, 1980). The aim is to adjust the object view of itself and aspires to open up the object to the possibility of radical change through assessment and reflection (Held, 1980). Marx used immanent critique to highlight the contradiction between concrete social formations of capitalistic conditions and their ideologies (Antonio, 1981). Previous sections have considered the ideology that is claimed to inform Islamic banking social justice role. Section five will explore the reality of Islamic banks operations through their own disclosures in their annual reports and websites. It will highlight contradictions between these disclosures and banks' ideological claims. By using immanent critique, the study delineates the values that Islamic banks claim to hold and confronts them with what it is in fact becoming as depicted by their disclosures (or silences). Immanent critique helps this study to challenge the social realities of Islamic banks from their own standpoint. Using immanent critique can help in replacing the inaction based on the false correspondence between Islamic values and Islamic banks' operations with 'emancipatory praxis aiming at making the ideal real' (Antonio, 1981, p.338).

5. SOCIAL JUSTICE RELATED REPORTING BY ISLAMIC BANKS

As discussed in previous sections, all religions place significant importance to social justice and equality issues. Islam, in particular, many scholars of Islam believe, has placed social justice as a core value for its law and way of life. Islamic banks, both as religious and financial institutions, therefore, are placed in a position where they are expected to play a significant role in equitable redistribution of wealth in society and attaining social justice. This study will examine reporting by ten Islamic banks regarding their social justice role in societies they operate in. For this purpose the study uses content analysis to explore if certain themes related to social justice are present (or absent) from Islamic banks' annual reports and websites (see Holsti, 1969; Bauer, 2000 for discussions of the use of content analysis methods in social science). The study focuses on exploring, understanding and interpreting the meanings within the textual material (annual reports and websites) (Krippendorff, 2004). It follows the 'explicative content analysis' technique (see Mayring, 2000), where the researchers clarify ambiguous, contradictory passages or even silences found in the material. The analysis here explains the findings in relation to the theory and theoretical analysis in the study (as in Mayring, 2000). The application of content analysis in accounting research is an accepted practice and has been widely used in social accounting research (Guthrie and Parker 1990; Gray et al., 1995; Milne and Adler 1999; Parker 2005; Kamla, 2007). These studies analyse the quality of the disclosure of the information in annual reports and the acknowledgement of certain words and themes within the textual material (Brennan 2001; Beatty et al., 2004).

Annual reports are important sources of information as they are systematically produced, widely accessible and reveal how companies operate and perform (Silverman, 1993). The application of content analysis on annual reports is, therefore, justified because they ensure that the study is comparable with previous studies in the area and from year to year (Gray et al., 1995; Unerman, 2000; Ahmad and Sulaiman, 2004). Annual reports, according to Unerman (2000), are also perceived to provide credible information, which in return strengthens the findings. The importance of the annual report also extends to reflecting the organisation's 'historical social consciousness' and plays a role in forming a world view and social ideology that legitimize certain social conditions (Macintosh, 1990, p.168; Tinker and Neimark, 1987).

Although content analysis is popular method in analysing various media including newspaper and political speeches, only a few studies have previously applied this methodology to analysis of websites. But with the growing emphasis on communication via electronic mediums, there has been an increase in such studies especially in the accounting literature. Fisher et al., (2004) quote the International Accounting Standards Committee (IASC) which states that in the future business reporting will move entirely to the web as the primary format of distributing information. Such a move has prompted many researchers to move their attention to company websites for analysis of textual material (Hwang et al., 2003). The analysis of web sites has a number of challenges and limitations in the application of the content analysis methodology (see McMillan, 2000). Most of these issues identified by McMillan (2000) relate to the structuring content analysis method. As the current study applies the 'explicative content analysis technique', the data collection and analysis is focused on certain themes that have previously been identified. Therefore, the issue related with counting of words is not applicable to this research.

Ten Islamic banks' annual reports and websites are explored. The study undertakes in-depth and detailed content analysis that concentrates on the quality and nature of disclosures and their meaning rather than an emphasis on quantitative dimensions such as number of words, sentences and/or pages to measure the levels of disclosure. The ten Islamic banks are Abu Dhabi Islamic Bank (ADIB), Dubai Islamic Bank (DIB); Qatar Islamic Bank (QIB); Al-Baraka Islamic Bank (BIB); Gulf African Bank (GAB); Jordan Islamic Bank (JIB), Islamic Bank of Britain (IBB), Meezan Bank; Dawood Bank; Bank Islam Malaysia Berhad (BI). The annual reports collected were mainly related to the year 2008. They were downloaded as

PDF files from companies' website. Websites of banks were examined between the period October 2009 – December 2009. Table 1 lists the banks analyzed and their country of origin.

Table 1: List of banks analyzed

Bank	**Country of Origin**
Abu Dhabi Islamic Bank (ADIB)	Abu Dhabi, UAE
Al-Baraka Islamic Bank (BIB)	Bahrain
Bank Islam Malaysia Berhad (BI)	Malaysia
Dawood Bank	Pakistan
Dubai Islamic Bank (DIB)	Dubai, UAE
Gulf African Bank (GAB)	Kenya
Islamic Bank of Britain (IBB)	United Kingdom
Jordan Islamic Bank (JIB)	Jordan
Meezan Bank	Pakistan
Qatar Islamic Bank (QIB)	Qatar

The categories and issues explored under content analysis are usually derived from the theoretical analysis and orientation of the study (Flick, 2006). Our theoretical analysis indicated a number of issues and actions that Islamic banks are expected to engage in to contribute and play a role in attaining social justices and contributing to equality in society. These include exploring whether Islamic banks provide disclosures indicating, for instance, who has access to credit and report on their schemes for financial inclusion of the disadvantaged. Do they, for instance, engage with microcredit and microfinance schemes and establish a link and presence with target (poorer) population? The exploration of the social role of Islamic banks could also include the extent that Islamic banks attempt to extend their microfinance services or venture capital (*mudarabah* products) to small enterprises, small entrepreneurs and women. In addition, Islamic banks could provide information on the types of projects they support and whether social or/and environmental dimensions are incorporated in their investment portfolios and decisions. They could provide reporting on doing business on the local level and channelling communities' savings for small businesses and those who need it the most (see Richards, 2006).

Our content analysis, therefore, emphasizes different (and new) dimensions to those that are usually explored in accounting research and social reporting content analysis studies. The latter studies mainly concentrate on disclosure categories such as the natural environment, employees, communities and customers (see Ernst and Ernst, 1976; Guthrie and Parker, 1990; Gray *et al*., 1995; Unerman, 2000; Kamla, 2007). Ball and Seal (2005) explain that accounting and reporting studies dealing directly with social justice and poverty issues are scarce. They maintain that this is the case even in social and environmental accounting studies. The study also goes beyond emphases in other few studies in the literature exploring social reporting by Islamic banks by emphasising social justices, equality and poverty related disclosures. Maali et al. (2006) is one of the few studies that concentrate on social reporting by Islamic banks. Therefore our study attempts to fill this gap in the accounting and Islamic banking literature. The study develops a content analysis benchmark for social reporting by

Islamic banks. These include unlawful transactions, *Zakat*, *qard hasan*, charity, employees, late payments and insolvent clients, the environment and other community involvement aspects. Similarly, Haniffa and Hudaib (2007) developed an Ethical Identity Index (EII) to explore disparities between Islam's ideals and disclosures by Islamic banks. The paper concludes that the majority of the banks explored 'suffer from disparity between the communicated and ideal ethical identities' (Haniffa and Hudaib, 2007, p. 97). Next sections will analysis social justices related disclosures. First, however, the study will explore how Islamic banks refer to Sharia in their websites and annual reports and its impact on the nature of their operations and their role in society. Reference to Sharia in annual reports and websites of Islamic banks reflects the values that Islamic banks claim to espouse and inform their operations.

5.1 Reference to Sharia

Islamic banks significantly market and promote themselves on the grounds that they operate according to Sharia's teachings and values (Kuran, 2006; El-Gamal, 2006; Visser, 2009). All the banks explored in this paper reported that their activities are carried out according to Islamic Sharia and values. ADIB, for example, explained on its website under the heading 'core values' that the bank is '*committed to Islamic ideals and to rules of Shari'a in all of our activities*' http://www.adib.ae/english/about-adib/. Similarly, BI, the first Islamic bank in Malaysia, refers to Sharia with reference to the country's unique application of Islamic finance and the pioneering role of the bank. BI's mission and vision statements also reflect the emphasis on Sharia while the bank's logo (which incorporates a crescent embracing the word "Islam") is meant to demonstrate the organisation's commitment to advocate a banking system based on Sharia http://www.bankislam.com.my/.

Many of the banks reported that such adherence to Sharia principles have ethical and social implications on the nature of their activities. For instance, GAB includes the following on its website: '*By conducting business on the principles of Shari'ah, the bank would provide an ethical and fair mode of banking for all*' http://www.gulfafricanbank.com/Home/About-Us/About-Us. Meezan Bank in Pakistan also explains in its vision and mission statements that the bank aims to '*facilitate the implementation of an equitable economic system, providing a strong foundation for establishing a fair and just society for mankind*'. http://www.meezanbank.com/vision.aspx

A number of banks indicated on their websites and annual reports that such adherence to Sharia's ethics in their activities make Islamic banking (or their bank) a desirable 'alternative' to conventional banks. They maintained that such emphasis on 'ethics', 'community' and 'fairness' means that Islamic banking (or their bank) is not only an alternative choice for Muslims but also to non-Muslims wishing to invest and save their money ethically.

Indeed Meezan Bank's annual report goes further to include a quote by the founding leader of Pakistan highlighting how Islamic economics (including banking) are a solution to humanity problems created by the West:

> '*The economic system of the West has created almost insoluble problems for humanity and to many of us it appears that only a miracle can save it from disaster that is now facing the world. It has failed to do justice*

> *between men and eradicate friction from the international field…We must work our destiny in our own way and present to the world an economic system based on try Islamic concept of equality of manhood and social justice.*' (Muhammad Ali Jinnah on the occasion of the opening ceremony of the State Bank of Pakistan on July 1, 1948; Meezan Bank Annual Report, 2007, p.9).

Very few banks in our sample elaborated further on how these notions are incorporated and translated into the bank's activities (other than in respect issues of appearing to avoid interest and having *Zakat* funds). The most important dimension of assurance (and sometimes it seems the only one) is the role of the Sharia Supervisory Boards (SSBs). The SSBs roles in this context are often mentioned to assure the reader (the user) that the SSB in the bank acts as a mechanism to audit and ensure the compliance of banks' operations with Islamic Sharia. GAB, for instance, maintains that the existence of a SSB in its bank to ensure adherence to the rules of Sharia make the bank a '*pioneering organization to practice Islamic banking in true letter and spirit*'. They explain that SSB at the bank provide mechanisms for '*checks and balances*' on what type of business activities they get engaged in and that they '*conform to Sharia*'. http://www.gulfafricanbank.com/Home/About-Us/Shari-ah-Board.

The SSB's report, however, on most occasions, provided very brief and general statement about the compliance of bank's activities with Sharia. Most of the time these concentrated on interest bearing transactions and *Zakat* payments.

From the above, it seems that Islamic banks included in our study are keen to portray their commitment to Sharia's teachings and ideals and to distinguish themselves from conventional banks on social and ethical grounds. SSB's statements and reports seem to be a significant tool in convincing users that this is the case. Arguably, these disclosures form the theoretical and conceptual principles that these banks claim to build their activities upon. They constitute what the banks' seek to view and portray of themselves to users and stakeholders (see also Haniffa and Hudaib, 2007). In the coming sections we will explore, assess and reflect on whether such statements translates into actual actions aimed at satisfying Sharia requirements for social justice and equality and aimed at making the ideal real.

5.2 Banks' disclosures on contribution to socially motivated investments and projects

In light of the above apparent strong commitment by Islamic banks towards Sharia's ethical and social dimensions, it would be consistent to expect Islamic banks to give priority to projects and investments that have social emphases and are geared to enhance equality and social justices in societies. Banks in our sample disclosed little in the sense of clear policies towards funding project or investments. The most dominant type of disclosure here concentrated on activities that the banks would not engage in because they are perceived as prohibited by Sharia. For instance, GAB's websites reports that the bank '*does not engage in, or finance activities that are prohibited in Islam. It also shuns activities that are harmful to the society. For example, it would not finance sale of alcohol, tobacco and casinos (gambling). The Bank will engage in business that have tangible economic purposes and give* *positive benefit to the society at large'*. http://www.gulfafricanbank.com/Home/Knowledge-Centre/Frequently-Asked-Questions--FAQ-. Similarly, ADIB on its website explains that following the ethics of Sharia results in that their activities consider ethics to be 'paramount'. http://www.adib.ae/english/about-adib/about-islamic-banking/.

Beyond the above disclosures, very few banks provided further details of their investment policies or details of projects they are engaged in. A number of banks provided general statements regarding their commitment to projects that benefit the country and the public interest. For instance, GAB in its mission and core values statements explains that in addition to providing ethical banking, the bank is committed to contributing '*to the development of Kenya by supporting industry and trade and ultimately enhance the well being of all the citizens*'**.** It also explains that they have an obligation to the community: '*We have a moral responsibility to contribute to the well-being of the society and to mobilize assistance in whichever way, whenever required*'. http://www.gulfafricanbank.com/Home/About-Us/Vision--Mission-&-Core-Values.

Details of individual projects and activities satisfying the above mentioned policies by the banks were scarce. Only two of the banks explored mentioned one or two projects that satisfy such socially driven criteria. GAB, for instance, in its news section, provided information about its 500 million Ksh participation to 'Infrastructure Bond' launched by the Kenyan Government to contribute to specific projects including 'water, sewerage and irrigation, roads and energy'. http://www.gulfafricanbank.com/News/Gulf-African-Bank-invests-Ksh--500-Million-in-Infrastructure-Bond. Similarly, JIB provided information about investing in the capital of 32 companies that activities '*comply with the rules of Islamic Sharia' and which produce goods and services of public interest for the national community and economy*'. http://www.jordanislamicbank.com/annualreport_2008.html.

However, exploring in more details some of the quantitative information provided by JIB reveal that investing in public services and facilities amounts only to 0.64% of the total banks investments. The majority of JIB's investments (up to 67%) go to general trade, construction and real estate. Our study, in general, found very little evidence of project financing by the banks examined. Kuran (2006) has also reported that many Islamic banks have invested in real estate and in general preferred trade finance to project financing. Kuran (2006) maintains that even when Islamic banks engage in project financing, they usually favor short-term and safe projects rather than long-term projects, which bring with it uncertainty

In general it could be argued that apart from general statements made by a small number of banks in our study, there is little evidence that Islamic banks do actually favor socially driven projects over other commercial ones. We also did not find evidence that Islamic banks tend to favour long-term projects over projects that are aimed at quick financial returns nor evidence about social and environmental concerns. Indeed, judging from the disclosures we examined, environmental concerns do not seem to be at all on Islamic banks' agenda. These findings are similar to Kamla (2007) observation of the very low levels of environmental related disclosures by Arab companies including Islamic banks. Kuran (2006) maintains that Islamic banks do not operate very differently from conventional banks when it comes to investments and funding activities. Therefore, despite debates in the Islamic financeliterature regarding the important role of Islamic finance in funding socially and environmentally viable projects and, therefore, achieving social justice (Khan, 1994, Kuran, 2006), disclosures by Islamic banks in our study indicate that such projects do not actually constitute a priority for Islamic banks' operations . Further, despite Islamic banks' declarations of commitment to Sharia's teachings, these seem not to translate into commitments to socially orientated projects' funding.

5.3 Access to credit and schemes for financial inclusion of the disadvantaged

This section is concerned with exploring disclosures provided by the ten banks indicating their efforts to include disadvantaged segments in society into their schemes and activities. It seeks information on issues such as microfinance schemes, branches in rural areas and other schemes dedicated to the inclusion of women and cash-poor entrepreneurs. It also seeks disclosures related to the use of schemes such as venture capital (*mudarabah*) financing. Our exploration exposed a critical silence and scarcity of disclosures by the banks investigated on these issues. Only few and modest exceptions can be mentioned here. For instance, BI mentions Micro-financing which "*was designed to assist to assist small business gain easy access to fast and hassle free financing facilities with minimum documentation*" (BI Annual Report 2008 p.27). The bank does not disclose anything further about these facilities. Similarly, JIB provided brief information on funds given to craftsmen's businesses. The bank website and annual report (2009) explained that 77 projects were financed with a total amount reaching 1.7 m JD http://www.jordanislamicbank.com/annualreport_2008.html. No further details, however, were provided on these projects. Microfinance was also mentioned briefly by Meezan Bank 2007 Annual Report, which reported that a microfinance division is under consideration with the Research & New Product Development department.

Further, only Dawood Bank in our sample provided information that focused on the servicing of rural areas that have been unable to obtain financing due to a lack of presence of financial institutions:

> "*the establishment of Rural Business Centre is an effort to extend the outreach of financial services to the un-banked/unserved/areas and people; the program aims to extend financing facilities, services to the farmers and mobilizing deposits in rural areas*". http://www.dawoodislamic.com/DeahiTejaratiMarkaz.aspx.

As far as women empowerment related disclosures are concerned, women issues are on most occasions limited to commercial matters concerning 'ladies banking' and dedicated bank sections only for ladies. Meezan Bank in Pakistan explains that the service provides '*an exclusive banking area as per the set Shariah principles for our lady customers in a more comfortable environment*' http://www.meezanbank.com/ladiesbanking.aspx. Similarly, ADIB annual report and DIB's website explain the benefits of women or ladies' banking.

GAB reports on a special account for women called 'Annisaa'. The website explains that Annisaa is '*a unique saving account meant for women. It is designed to enable women save for their future. It is also in line with your desire to stay away from interest-based options and be totally Riba-Free*' http://www.gulfafricanbank.com/Home/Personal-Banking/Savings-

Accounts. The website, however, does not explain how this saving bank account enabling for women other than having a '*dedicated special counter for women*' to deal with a transaction.

Such disclosures about 'ladies' banking' fall short of providing specific information about providing finance and funding for women from disadvantaged backgrounds or about employing *mudarabah* financing in empowering women. It is clear from the reporting of Islamic banks on 'ladies banking' that the main concern of these banks are more to do with concerns about seclusion of women and segregation of gender, which is common place, especially in the Gulf States region (Haniffa and Hudaib, 2007), rather than the financial empowerment of women.

The significance of the social role of Islamic banks has very much to do with the substance of its operations and the opportunities it gives to the cash-poor and entrepreneurs (Kuran, 2006). If disclosures provided by Islamic banks' annual reports and websites reflect the true nature of these banks' activities, then Islamic banks seem to again miss the opportunity to act as a true facilitator of micro-finance or for genuine venture capital for small entrepreneurs and businesses; cash-poor and women. Micro-finance, *Mudaraba*, Profit-Loss Sharing contracts and interest free loans constitute very little of Islamic banks operations (Dar and Presely, 2000; El-Gamal, 2006; Kuran, 2006; Obaidullah, 2008). In effect, Islamic banking products and loans' policies, investments' nature and components replicate and do not differ in any significant way from those of conventional banks (El-Gamal, 2006; Kuran, 2006). Further, The Islamic Finance News report (2008) explained that most of the activities of Islamic banks are directed towards the middle class in societies they operate in. In many African countries, for instance, Islamic banks are perceived as 'luxury banks' designed only for countries with advanced and established banking systems like in South African and Kenya (Islamic Finance News, 2008). Islamic banks in this sense, as the case with conventional banks, are extending financial facilities only to the rich and those with collateral leading to further inequalities in societies they operate in. Islamic banks operations seem to be only distinguished from conventional ones in 'symbolism' rather than through pioneering genuine income distribution through micro-finance or venture capital (*mudarabah*) extended to small- entrepreneurs and the cash-poor.

5.4 Zakat, charitable activities and donations

One of the five pillars of Islam is *Zakat*, which, as discussed in previous sections, is the obligatory transfer of alms by the rich to the poor (Badawi 1979). According to Shirazi (1996), a well-organised system of *Zakat* was in practice during the early years of Islam where a considerable portion of the wealth of the rich was automatically redistributed among the poor. In countries like Pakistan *Zakat* has traditionally been a compulsory, annual deduction paid by Muslims at the rate of 2.5 percent on the value of specified financial assets on the first day of Ramadan. It is collected from persons who qualify as *Sahib -e-Nisab* (anyone with savings of at least 86 grams of gold). The Quran advocates the payment of *Zakat* (alms) on many occasions (2:111) and (22:79).

All banks (with the exception of IBB) in our study mentioned *Zakat* fund on their websites and in annual reports. DIB's website refers to the *Zakat* fund which was established in 1975:

"*the Bank set up the Zakat fund to channel the Zakat from the bank funds, such as reserve amounts and forwarded profits. The fund also collects the Zakat of those clients who wish to distribute it on their behalf*" http://www.alislami.ae/en/communityservice_Zakat.htm. BI and QIB state the amount of *Zakat* that was contributed by the organisations (RM 1 million and QR 5 million respectively) http://www.bankislam.com.my/. QIB Annual Report 2008 p. 27). BI's website details the amount of *Zakat* that the bank contributed (RM 1 million) during the financial year which was distributed to: "*orphanages, single mothers, students in public and private institutions of higher learning, non profitable organisations as well as charitable organisations*" http://www.bankislam.com.my/.

Barring ABIB and Dawood, all of the banks in this study also provided disclosure regarding their charitable activities to varying degrees. These charitable activities included education and knowledge transfer, distribution of food and water to the needy, donations of machines and buildings especially for mosques, health care, funds for weddings and Haj or Umra (similar to Haj) trips.

Visser (2009, p30) maintains that despite the huge claims to the social impacts of *Zakat*, evidence points to that it is 'neither fair nor a very helpful tax'. It is not fair, because the rich, at least in Pakistan, Saudi Arabia and Malaysia (where the state is responsible for *Zakat* collection and distribution), do not pay much, partly because of *Zakat* (tax) evasion and partly because assets such as housing are not taxed. It is not very helpful because sums brought together are not impressive (it is usually a fixed 2.5% on certain productive assets). Visser (2009) maintains that *Zakat* plays a very minor role in addressing poverty as much higher rates are required than specified in conventional ways of calculating *Zakat*.[4]

The relative popularity of charity disclosures over other aspects of eradicating poverty approaches by Islamic banks in this study indicates a bias by Islamic banks towards short-term solutions to poverty rather than long term ones. Similarly, Maali et al., (2006) explain that preference to disclose on their charitable activities and *Zakat* payment are related to their desire to portray a positive image of themselves, while in the meantime keeping silent on issues that may attract criticism such as dealing with insolvent clients. While giving charities and paying *Zakat* signify a dimension of the organisation's religious and Islamic character, the empowerment of the disadvantaged and the poor through financing schemes is more in line with making social justice a core value of Islamic banks.

6. FURTHER ANALYSIS, CONCLUSION AND LIMITATIONS

Our theoretical analysis indicated that social justice is a core value in Sharia and Islamic teachings and there is a clear link in Islam between establishing justice in society and satisfying spiritual and religious duties. The theoretical part also highlighted the important role that Islamic banks can play in achieving the objectives of social justice. Indeed, the Islamic finance and economics literature is dominated by notions advocating that Islamic banks are meant to serve a broad social mission and challenge the injustice and inequality created by prevailing capitalist and socialist economies (Kuran, 2006). Islamic banks themselves, our empirics indicated, include disclosures in their annual reports and websites regarding the way in which their adherence to Sharia implies social and ethical consequences and duties to their activities. Disclosures by Islamic banks explored in this study, however, do not indicate that Islamic banks have serious schemes targeting poverty elimination or enhancing equitable redistribution of wealth in society. Despite operating in Muslim societies that to a great extent are economically underdeveloped (Kuran, 2006)[5], Islamic banks have not mobilized their position for directly improving the condition of disadvantaged people in society. Our analysis, therefore, indicated a significant gap between the theoretical and ideological claims by Islamic banking and its actualities.

No doubt disclosures by Islamic banks contained a number of cultural and religious dimensions that distinguished them from conventional banks and gave them a symbolic Islamic character. These included reference to Sharia and SSBs in all annual reports and websites of Islamic banks, starting the report with verses from the Quran and naming products to indicate an Islamic character[6]. However, these attempts to emphasis the religious and spiritual dimensions of the bank are superficial and fail to touch upon the importance of meeting the needs of the poor in society. It was surprising that terms like ‘poverty eradication’ or even ‘poverty’ were not even mentioned once in any of the websites or annual reports explored. The reluctance of Islamic banks to touch upon the issue of poverty in societies they operate or have branches and subsidiaries in is a significant indicator of their failure to satisfy their religious identity and a failure to meet their own proclaimed goals and roles. Our research indicates that banks’ statements related to the impact of Sharia on banks’ social and ethical activities are more rhetoric than basis for action and change. Islamic banks’ social justice related disclosures are signified more by what the banks ignore or avoid to address and account for than by their statements about Sharia, social justices and equality. The operations of Islamic banks as manifested and explained in their own disclosure do not seem to be anything near revolutionary or to provide any means for countering capitalism and its ever-continuing pursue of profit and growth. Kuran (2006) maintains that Islamic banks appear to seek profit as eagerly and aggressively as conventional firms and banks. Indeed, Islamic banks depend on open market policies that allow it to benefit from reduced governmental control and gain big business status (Henry and Wilson, 2005; Pollard and Samers, 2007). Only in theoretical terms Islamic banks seem to challenge capitalism and its culture of individualism and pursuing their own ends. In its real actualities claimed moral, ethical and social ideals seem to have little impact on banks’ activities and behavior. To understand this gap between theoretical and actualities of Islamic finance it is useful to appreciate the capitalistic nature of the banking system in general (Kuran, 2006) and the dominance of capitalist relations in much of the Muslim world (Kamla, 2007). This is key to hindering Islamic finance to develop in a way that efficiency and growth become means to an end rather than an end in themselves (Kamla, 2007).

In the same context, Khan (1994) explains that Islamic banks face core problems preventing them from providing schemes to the poor. As the case with conventional banks, Islamic banks products are set to serve the non-poor and aim solely for profit maximization. Their staff has little experience in projects relevant to the poor such as rural and agricultural development and very little training by Islamic banks to staff is geared to equip them with these skills (Khan, 1994). Islamic banks as well often do not have rural presence and little or no contact with the target poor population. Furthermore, Islamic banks share many characteristics with conventional banks such as conditions of collateral, language and behaviour of bank staff, location and design of bank offices, and the awe-inspiring atmosphere of banks, which generally tend to alienate the poor (Khan, 1994). Like conventional banks, Islamic banks seem not to perceive microfinance or extending venture capital schemes to the cash poor to be in their mandate. Obaidullah (2008) maintains that a raging debate is going on about whether Islamic financial institutions have a social purpose beyond that of conventional ones. Islamic financial institutions have so far favored the opinion that their rule does not go beyond that as an intermediary between providers and users of funds. The only difference is that Islamic banks apply and comply with Sharia (Obaidullah, 2008). Similarly, Farook (2008) elucidates that Islamic banks should have a social role beyond their role as financial institutions. Their status as a financial institution and a financial intermediary should fulfil a collective religious obligation that Muslims cannot fulfil individually (Farook, 2008). After all the contemporary founders of Islamic finance and banking envisioned a significant social role to these institutions (Farook, 2008). This does not mean that Islamic financial institutions will be uncompetitive and become merely charitable institutions. Rather, it entails that Islamic banks will assume a very important position in societies and communities where it can make a difference and regain the community's trust (Farook, 2008). This will be necessary to the survival of Islamic banking in the future as increasingly Islamic banks' key stakeholders understand the socio-economic objectives of Sharia and its implications on the role of banks in societies (Farook, 2008). Dusuki (2008) also cautious that unless Islamic banks expand their activities to include the poor, their socio-economic objectives to promote social justice, equitable wealth distribution and poverty alleviation can never be materialized (Dusuki, 2008, p.32). Some even maintain that Islamic banks failed to avoid dealing with interest (the overall claim for existence by Islamic banks) and they do actually deal with interest as a matter of course and as a key to their operations (see Kuran, 2006; El-Gamal, 2006; Visser, 2009). This is driving those advocating social and ethical banking to turn away from Islamic banks and advocating cooperative forms of finance that meet ethical and social dimensions and no longer care for a separate Islamic financial sector (Visser, 2009)[7].

It seems that one of the issues that are contributing to the failure of Islamic banks to fulfil their ideological claim is its failure to place social justice as the core value of its operations. If issues such as social justice, equality, promoting long-term developmental projects and facilitating access to finance to the disadvantaged to empower them are key aspects of Islam and Sharia, then our analysis exposes that there is little that is specifically Islamic about Islamic banks' operations. The findings of the study are limited by the number of banks analysed. Our study takes a sample of ten banks. Future studies could include a larger pool of banks to test whether Islamic banks follow the ideals of social justice through their activities.

REFERENCES

Abu Dhabi Islamic Bank (2008), *Annual Report 2008*.

Abu Dhabi Islamic Bank Website http://www.adib.ae/ (accessed 20/10/09)

Ahmad, N. and Sulaiman, M. (2004), "Environment Disclosure in Malaysia Annual Reports: A Legitimacy Theory Perspective", *International Journal of Commerce and Management*, Vol. 14, No. 1, pp. 44-58.

Ahmed, Z. (1991), *Islam, Poverty and Income Distribution*. The Islamic Foundation, Leicester, UK.

Al-Baraka Islamic Bank Bahrain (2007), *Annual Report 2007*.

Al-Baraka Islamic Bank Bahrain Website http://www.barakaonline.com/ (accessed 9/12/09)

Ali, A.J. (2005), *Islamic Perspectives on Management and Organization*. Edward Elgar, Cheltenham.

Antonio, R. J. (1981), "Immanent critique as the core of critical theory: Its origins and development in Hegel, Marx and contemporary thought", *British Journal of Sociology*, Vol. 32, No. 3 September, pp. 330-345.

Arnold, P. J. (2009), "Global financial crisis: The challenge to accounting research", *Accounting, Organizations and Society*, 34, pp.803-809.

Badawi, M.A.Z (1979), *Zakat and Social Justice.* English translation of the Book: *Kitab ul Amwal* by Imam Abu Abaid Al-Qasim. London: The Islamic Council of Europe.

Ball, A., and Seal, W. (2005), "Social justice in a cold climate: Could social accounting make a difference?", *Accounting Forum*, 29, pp. 455-473.

Bank Islam (2008), *Annual Report 2008*.

Bank Islam Website http://www.bankislam.com.my (accessed 10/11/09)

Bauer, M. W. (2000), "Classical content analysis: A Review", in M. W. Bauer and G. Gaskell (eds.), *Qualitative Researching with Text, Image, and Sound: A Practical Handbook.* SAGE, London,, pp. 131-151.

Burgess, R. and Pande, R. (2004), "Do rural banks matter? Evidence from the Indian social banking experiment", Discussion Paper Series No. 4211, *Centre for Economic Policy Research*. London.

Chapra, M. U. (2000), *The Future of Economics: An Islamic Perspective.* Islamic Foundation, Leicester, UK.

Dar, H.A, and Presely, R. (2000), “Lack of profit loss sharing in Islamic banking: management and control imbalances”, *Economic research paper, No. 00/24.* Department of Economics, Loughborough University.

Dawood Islamic Bank Limited (2008), *Annual Report 2008*.

Dawood Islamic Bank Website http://www.dawoodislamic.com/index.aspx (accessed 18/12/09)

Dubai Islamic Bank (2008), *Annual Report 2008*.

Dubai Islamic Bank Website http://www.alislami.ae/en/index.htm (accessed 15/12/09)

Dusuki, A. W. (2008), “Lifting barriers in financing small and poor entrepreneurs: Lessons from group-based lending scheme and Ibn Khaldun’s social solidarity”, in M. Obaidullah and H. Abdul Latif (eds.), *Islamic Finance for Micro and Medium Enterprises.* Islamic Research & Training Institute, Islamic Development Bank and Centre for Islamic Banking, Finance and Management, Universiti Brunei Darussalam, pp. 15-36.

El-Gamal, M. (2006), *Islamic Finance, Law, Economics, and Practice.* Cambridge University Press, Cambridge.

Ernst and Ernst (1976 *et seq*), “Social Responsibility Disclosure”. Ernst and Ernst, Cleveland, OH.

Farook, S. (2008), “A standards of corporate social responsibility for Islamic financial institutions: A preliminary study”, in M. Obaidullah and H. Abdul Latif (eds.), *Islamic Finance for Micro and Medium Enterprises.* Islamic Research & Training Institute, Islamic Development Bank and Centre for Islamic Banking, Finance and Management, Universiti Brunei Darussalam, pp. 37-52.

Fisher, R., Oyelere, P. and Laswad, F. (2004), “Corporate reporting on the Internet: Audit issues and content analysis of practices”, *Managerial Auditing Journal,* Vol. 19, No. 3, pp. 412-439.

Flick, U. (2006), *An Introduction to Qualitative Research* (3rd ed.). SAGE, London.

Gallhofer, S. and Haslam, J. (2003), *Accounting and Emancipation: Some Critical Interventions.* Routledge, London.

Gallhofer, S. and Haslam, J. (2004), “Accounting and Liberation Theology: Some Insights for the Project of Emancipatory Accounting”, *Accounting, Auditing and Accountability Journal*, Vol. 17, No. 3, pp.382-407.

Goltlieb, R. S. (2002), *Joining Hands: Politics and Religion Together for Social Change*. Westview Press, Cambridge.

Gray, R., Walters, D., Bebbington, J. and Thompson, I. (1995), “The Greening of Enterprise: An Exploration of the (non) role of Environmental Accounting and Environmental Accountants in Organizational Change”, *Critical Perspective on Accounting*, Vol. 6, pp. 211-239.

Gulf African Bank (2008), *Annual Report 2008*.

Gulf African Bank Website http://www.gulfafricanbank.com/ (accessed 20/10/09)

Guthrie, J. and Parker, L.D. (1990), “Corporate social disclosure practice: A comparative international analysis”, *Advances in Public Interest Accounting*, Vol. 3, pp. 159-175.

Haniffa, R. and Hudaib, M. (2007), “Exploring the ethical identity of Islamic banks via communication in annual reports”, *Journal of Business Ethics*, Vol. 76, pp. 97-116.

Hassan, M. K. and Alamgir, D. A. H. (2002), “Microfinancial services and poverty alleviation in Bangladesh: A comparative analysis of secular and Islamic NGOs”, in M. Iqbal (ed.), *Islamic Economics Institutions and the Elimination of Poverty*. The Islamic Foundation, Leicester, UK, pp. 113-168.

Held, D. (1980), *Introduction to Critical Theory: Horkheimer to Habermas*. Hutchinson, London.

Henry, C. and Wilson, R. (2005), *The Politics of Islamic Finance*. Edinburgh University Press, Edinburgh.

Holsti, O.R. (1969), *Content Analysis for the Social Sciences and Humanities*. Addison Wesley, Reading MA.

Hopwood, A. G. (2009), “The economic crisis and accounting: Implications for the research community”, *Accounting, Organizations and Society*, Vol. 34, pp. 797-802.

Hussain, J. and Marafi, S. (2005), “The role of Islamic finance in industrial projects in the State of Kuwait”, in M. Iqbal and A. Ahmed (eds.) *Islamic Finance and Economic Development.* Palgrave Macmillan, New York, pp. 164-191.

Hwang, J-S., McMillan, S.J. and Lee, G. (2003), “Corporate web sites as advertising: An analysis of function, audience, and message strategy”, *Journal of Interactive Advertising*, Vol. 3, No. 2, pp. 10-23.

Iqbal, M. (2002), “Introduction”, in M. Iqbal (ed.) *Islamic Economics Institutions and the Elimination of Poverty*. The Islamic Foundation, Leicester UK, pp. 1-24.

Islamic Bank of Britain (2008), *Annual Report 2008*.

Islamic Bank of Britain Website http://www.islamic-bank.com (accessed 20/10/09).

Islamic Finance News, (2008), “Islamic banks join the race for Africa”, http://islamicfinancenews.wordpress.com/category/around-the-world/africa/ (accessed 20/10/09).

Jordan Islamic Bank (2009), *Annual Report 2009*.

Jordan Islamic Bank Website http://www.jordanislamicbank.com/ (accessed 20/10/09).

Kamali, M. H. (2002), *Freedom, Equality and Justice in Islam.* Islamic Text Society, Cambridge, UK.

Kamla, R., Gallhofer, S. and Haslam, J. (2006), “Islam, Nature and Accounting: Islamic Principles and the Notion of Accounting for the Environment”, *Accounting Forum*, Vol. 30, No. 3, pp. 245-265.

Kamla, R. (2007), “Critically approaching social accounting and reporting in the Arab Middle East: a postcolonial perspective”, *Advances in International Accounting*, Vol. 20, pp.105-170.

Kamla, R. (2009), “Critical Insights into Contemporary Islamic Accounting”, *Critical Perspectives on Accounting*, Vol. 20, No. 8, pp. 921-932.

Khan, M. A. (1994), *Rural Development Through Islamic Banks.* The Islamic Foundation, Leicester, UK.

Krippendorff, K. (2004), *Content Analysis: An Introduction to its Methodology* (2nd ed.). SAGE, Thousand Oaks, CA..

Kuran, T. (2003), “Islamic Redistribution through Zakat: Historical Record and Modern Realities”, in M. Bonner, M. Ener and A. Singer (eds.), *Poverty and Charity in Middle Eastern Contexts*. State University of New York Press, Albany, pp. 275-294.

Kuran, T. (2006), *Islam and Mammon: The Economic Predicaments of Islamism.* Princeton University Press, Princeton and Oxford.

Maali, B., Casson, P. and Napier, C. (2006), “Social Reporting by Islamic Banks”, *ABACUS*, Vol. 42, No. 2, pp. 266-289.

Mayring, P. (2000), “Qualitative Content Analysis”, *Forum: Qualitative Social Research*, Vol. 1, No. 2, http://www.qualitative-research.net/index.php/fqs/article/view/1089/2386 (accessed 20/12/2009).

Macintosh, N. B. (1990), “Annual Reports in an Ideological Role: A Critical Theory Analysis”, in D. Cooper and T. Hopper (eds), *Critical Accounts*. The Macmillan Press Ltd, London, pp. 153-72.

McMillan, S. J. (2000), “The Microscope and the Moving Target: The Challenge of Applying Content Analysis to the World Wide Web”, *Journalism and Mass Communication Quarterly*, Vol. 77, No. 1, pp. 80-98.

Meezan Bank (2007), *Annual Report 2007*.

Meezan Bank Website http://www.meezanbank.com/index.aspx (accessed 20/10/09).

Milne, M. and Adler, R. (1999), "Exploring the reliability of social and environmental disclosures content analysis", *Accounting, Auditing and Accountability Journal*, Vol. 12, No. 2, pp. 237-256.

Moore, R. (2001), "Access to banking services and credit for UK ethnic minorities, refugees and asylum seekers", http://www.radstats.org.uk/no075/moore.htm (accessed 12/11/2009).

Obaidullah, M. (2008), "Islamic finance for micro and medium enterprises", in M. Obaidullah and H. Abdul Latif (eds.), *Islamic Finance for Micro and Medium Enterprises.* Islamic Research & Training Institute, Islamic Development Bank and Centre for Islamic Banking, Finance and Management, Universiti Brunei Darussalam, pp. 1-13.

Parker, L. (2005), "Social and Environmental Accountability Research: A view from the Commentary Box", *Accounting, Auditing and Accountability Journal*, Vol. 18, No. 6, pp. 842-860.

Pollard, J. and Samers, M. (2007), "Islamic banking and finance: postcolonial political economy and the decentring of economic geography", *Transactions of the Institute of British Geographers,* NS 32, pp. 313-330.

Qatar Islamic Bank (2008), *Annual Report 2008*. Doha, Qatar.

Qatar Islamic Bank Website http://www.qib.com.qa/english/site/topics/index077b.html (accessed 5/12/09)

Richards, C. (2006), "The kingdom of capital", *New Internationalist*, NI 392 August.

Shapiro, B. (2009), "A comparative analysis of theological and critical perspectives on emancipator praxis through accounting", *Critical Perspectives on Accounting*, doi:10.1016/j.cpa.2009.05.005.

Shirazi, N.S. (1996), "Targeting, Coverage, and Contribution of Zakat to Households' Income: The Case of Pakistan", *Journal of Economic Cooperation Among Islamic Countries*, Vol. 17, No. 3-4, pp.165-186.

Sikka, P. (2009), "Financial crisis and the silence of auditors", *Accounting, Organization and Society*, Vol. 34, pp. 868-873.

Silverman, D. (1993), *Interpreting Qualitative Data: Methods for Analyzing Talk, Text and Interaction*. SAGE, London.

Thakur, S. C. (1996), *Religion and Social Justice*. St Martin's Press, New York..

Tinker, T. (2004), "The enlightenment and its discontents: antinomies of Christianity, Islam and the calculative science", *Accounting, Auditing and Accountability Journal*, Vol. 17, No. 3, pp. 442–475.

Tinker, T. and Neimark, M. (1987), "The Role of Annual Reports in Gender and Class Contradiction at General Motors: 1917-1976", *Accounting, Organisations and Society*, Vol. 12, No. 1, pp. 71-88.

Unerman, J. (2000), "Methodological issues: reflections on quantification in corporate social reporting content analysis", *Accounting, Auditing and Accountability Journal*, Vol. 13, No. 5, pp. 667-680.

Visser, H. (2009), *Islamic Finance: Principles and Practice*. Edward Elgar, UK and USA.

Yasin, H. M. and Tahir, S. (2002), "Poverty elimination in an Islamic perspective: An applied general equilibrium approach", in M. Iqbal (ed.) *Islamic Economics Institutions and the Elimination of Poverty*. The Islamic Foundation, Leicester, UK, pp. 47-96.

[1] See Thakur (1996) for a detailed discussion of the different types of justices and social justice including moral, conservative, ideal, corrective and distributive.

[2] For many Muslims, Islam is a 'social uprising' against the oppressive and discriminatory practices that spread in Arabian society in the 6th century (Kamali, 2002, p. 47).

[3] "*Alms are only for the poor and the needy, and for those employed in connection with their collection and distribution, and for those whose hearts are to be comforted, and for the freeing of slaves, and for those burdened with debt, and for those striving in the cause of Allah, and for wayfarers. This is an ordinance from Allah. Allah is all Knowing, Wise*".

[4] Zakat, for many Muslims, is a core vehicle for redistributing wealth from the rich to the poor (Visser, 2009). However, there are many obstacles in today's environment that are limiting this important role of Zakat in Islamic societies. For a start, there is a fierce discussion and disagreements amongst Muslim scholars related to items that should be subject to Zakat in today's environment; whether zakat should be distributed to the poor directly or be given to charities or invested in welfare projects or amounts that should be given to the poor (Visser, 2009). In practical terms, there are major differences with how Muslim countries deal with Zakat. In most courtiers zakat is voluntary and left to the individual to pay and distribute (Visser, 2009). Visser (2009) further maintains that when the state is responsible for distributing zakat, it is not always channeled to the poor (see also Kuran, 2006).

[5] Kuran (2006, p.124) explains that while Muslims share of the world population is 19.22%, Muslims share of world income only amounts to 5.98%.

[6] For example, GAB's Hajj (pilgrimage) saving account, which the bank advertises as 'Truly Halal and Absolutely Riba-Free!

[7] Indeed, there is now significant research indicating that customers are turning away from Islamic banking as religious and ethical institutions. A study by Hussain and Marafi (2005) has revealed that companies and customers of Islamic banks in Kuwait do not use Islamic finance because of its religious and ethical dimension but because of its potential to reduce the cost of finance as the case with any other conventional bank. Visser (2009) also maintains that surveys on demand for Islamic finance in the UK have indicated that UK Muslims have doubts about the Sharia compatibility of Islamic financial services and products. Visser (2009) maintains that surveys have shown that British Muslims are not that eager to engage with Islamic banks as a result.