

Integrated Reporting, cultural environment and religion: The case of two Islamic Banks

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Abstract— Over the last few decades a growing awareness of the role of firms in society has emerged and, consequently, a call for a different approach towards accounting and accountability. Among various proposals, Integrated Reporting (IR) represents the more recent and ambitious one to date, even if some critical matters have to be dealt with by companies involved in its implementation. Amongst them, some Authors have already highlighted that it is necessary to introduce a cultural change in order to develop a new approach with reference to the measurement, communication and disclosure. In this sense, in recent years critical and interdisciplinary research has significantly challenged the predominantly technical and a-political view of business and accounting. This has led to growing consensus that the most valuable insights are gained from studying practices in the organizational and broader social settings in which they operate, i.e. their cultural context. On the basis of the above, Islam does represent a strongly important field of study for the cultural context into which IR could develop. In effect, in Islamic thought, it is believed that Adam, the progenitor of the human race and Islamic prophet-was appointed Trusteeship (khalifa) or guardian of the planet Earth; in addition, a concept unique to man is amana or trust. In this sense, Allah offers amana to the heavens, to the earth, to the mountains - to the rest of creation - who all refused; only mankind was foolish enough to accept it. A trust entails one who entrusts and a trustee. Qur'an is embodied with the principles of moderation, balance and conservation, which are the core of sustainable development and provide a framework for discernment, without which there would arguably be no limits to waste, extravagance or greed both individual as well as corporate. Further exploration does suggest that the accountant, and hence accounting, is actually given a very key role. The person that is described as accountant or Muhtasib in Islam is the one responsible for making sure that business is not harming the individual and the community. Tawheed (unity) stimulates the desiderata of an explicit public commitment to reasonable and comprehensible accounting – full and relevant disclosure – in the public interest, as such an explicit commitment becomes a charge in relation to which those formally regulating accounting can be held accountable. At the same time, Islam encourages humankind to experience lazkiyah (self-correction) through active participation in life, since only behaving ethically in the materialistic life (duniya) Muslims prove their worth to Allah. The paper is mostly theoretical, yet it offers fruitful practical insights since only a truthful assessment of the cultural pattern, as such as Islam, can lead to a conscious approach towards sustainability. This paper offers insights for future research on the broad field of social and environmental issues, as well as Integrated Reporting, since it suggests to take always in account

– when addressing issues and potentialities of non financial reporting – the cultural pattern.

I. INTRODUCTION

This paper, after having addressed the main issues and challenges of Integrated Reporting (IR), poses the question of the mutual intersection between IR and the cultural context, with particular reference to religion.

The paper is structured as follows: Section 2. develops the main literature, Section 3. discusses the findings of two case studies and Section 4. concludes.

II. LITERATURE REVIEW

Integrated Reporting

Over the last few decades a growing awareness of the role of firms in society has emerged and, consequently, a call for a different approach towards accounting and accountability.

Among various proposals, Integrated Reporting (IR) represent the more recent and ambitious one [35], even if some critical matters have to be dealt with by companies involved in its implementation [35].

For instance, Flower (2014) presents a comprehensive analysis of the IIRC project and arrives at the pessimistic conclusion that it will fall substantively short of its original objectives [20]. His critique is based on a comprehensive content analysis of key IIRC documents. The analysis identifies a shift away from its founding sustainability infused objectives to a weak, diluted, business-as-usual reporting framework embedded within an explicit capitalist ideology.

In doing so, he demonstrates that Integrated Reporting in 2014 is a far cry from the Integrated Reports envisaged in 2009.

At the same time, Adams (2015) contests Flower (2014) argument [2], that is the IIRC's proposals will have little impact on reporting practice, since they on the contrary have been having an impact.

Over a hundred businesses in fact have paid to be involved in the pilot programme and according to her many others are adopting elements of Integrated Reporting and internationally regulation is increasingly requiring disclosure of, for example, strategy, risks and business model information in annual reports and operating and financial reviews.

In this sense, according to Adams (2015): “I believe that to a large extent, their impact on reporting practice depends on those critical of the status quo both engaging with practice and ensuring their voices are raised and heard” [2].

That said, rationales and motives of IR have been studied, as such the institutional context and stakeholder theory.

For instance, using the words of Dragu (2014) “the vision of Integrated Reporting has developed on the grounds of novel theorizations” [17]; in fact this paper highlights the most relevant theories for Integrated Reporting, mainly mentioning three theoretical circles that surround Integrated Reporting initiatives: stakeholder theory versus shareholder theory, new institutionalism and legitimacy theory and innovation diffusion theory.

Moreover, Dragu (2014) reminds that “the diffusion and adoption theory for organizational practices [...] originated from the institutional theory, as the latter states the influence of certain factors in the practices adopted by corporations” [17].

In effect, “Integrated Reporting represents the reconciliation of two main theories, namely: shareholder theory and stakeholder theory. The theory of shareholder primacy states that the main objective of companies should be to maximize shareholder’s value. From the perspective of this theory, the role of Integrated Reporting would be to approach environmental, social and governance issues that are considered to influence the value of the company” [17].

Taking into account the points above, potential and multiple relationships between IR and its cultural context have now to be addressed as indicated below.

IR and religion

Some Authors have already highlighted that it is necessary to introduce a cultural change in order to develop a new approach with reference to the measurement and communication.

In this sense, in recent years critical and interdisciplinary research has significantly challenged the predominantly technical and a-political view of business and accounting. This has led to growing consensus that the most valuable insights are gained from studying practices in the organizational and broader social settings in which they operate, i.e. their cultural context.

Some Authors have already included in their agenda the role of religion for sustainability reasons: consider for instance Abeydeera (2016), according to which “previous studies examining influences on corporate sustainability reporting have tended to focus on the influence of global initiatives such as the Global Reporting Initiative (GRI) and the United Nations Global Compact (UNGC)” [1].

Despite these global initiatives encompassing well-meaning and beneficial components, according to Abeydeera (2016) they can be argued to be primarily “self-serving, and self-absorbing and very rarely systems-changing” [1]. In this line,

for that Author “dealing with fundamental systems issues requires transformational thinking and action [...]. It would appear that approaches that are based on moral values to foster sustainability offer greater possibility in this regard” [1].

On the basis of the above, Islam does represent a strongly important field of study for the cultural context into which IR could develop.

In effect, in Islamic thought, it is believed that Adam, the progenitor of the human race and Islamic prophet-was appointed Trusteeship (khalifa) or guardian of the planet Earth; in addition, a concept unique to man is amana or trust [34].

Allah offers amana to the heavens, to the earth, to the mountains - to the rest of creation - who all refused; only mankind was foolish enough to accept it. A trust entails one who entrusts and a trustee.

Qur’an is embodied with the principles of moderation, balance and conservation, which are the core of sustainable development and provide a framework for discernment, without which there would arguably be no limits to waste, extravagance or greed both individual as well as corporate [34].

Further exploration does suggest that the accountant, and hence accounting, is actually given a very key role. The person that is described as accountant or Muhtasib in Islam is the one responsible for making sure that business is not harming the community [27].

Tawheed (unity) stimulates the desiderata of an explicit public commitment to reasonable and comprehensible accounting – full and relevant disclosure – in the public interest, as such an explicit commitment becomes a charge in relation to which those formally regulating accounting can be held accountable.

In these terms, social responsibility in Islam is multifaceted and this can be clearly seen from the Prophet’s hadith (No. 7138, 1229):

‘Abdullah ibn ‘Umar reported: The Messenger of Allah, peace and blessings be upon him, said, “Every one of you is a shepherd and is responsible for his flock. The leader of the people is a guardian and is responsible for his subjects: amana is the guardian of his family and is responsible for his subjects, a woman is the guardian of her husband’s home and of his children and is responsible for them, and the slave of a man is a guardian of his master’s property and is responsible for it. Surely, every one of you is a shepherd and responsible for his flock”.

With specific reference to sustainable development, Hassan (2016) suggests that the Islamic approach is more agreeable to environmental protection and the issues associated with environmental and sustainable development have moral, ethical and social responsibilities, so that “the businesses should have on intense commitment to Islamic ethics in justice and welfare of human beings” [26].

III. FINDINGS AND DISCUSSION

Methodology

The paper comments on the Integrated Report, as of 2015 (the latest available to date), of Al Rajhi Bank, Saudi Arabia, and Shahjalal Islami Bank (Limited), Bangladesh.

The methodology is qualitative, since it is grounded on a case study approach, and it encompasses a visual analysis of some figures included in the Integrated Reports,

In this sense, visual methodologies for accounting and accountability have been already largely studied by Davison (2017) and other Authors, who have classified some of them as “visual rhetoric” – that is, visuals are an art of persuasion and have a performative function using antithesis and repetition [16] – and who acknowledge the utility of visuals in “recognising the socio-political context of images generated for the purposes of impression management and [...] influence stakeholder perceptions of value and self-worth” [16].

A brief description of the two Banks

According to its website, Al Rajhi Bank “was founded in 1957, and is one of the largest banks in Saudi Arabia, with over 9,600 employees and \$88 billion in assets.

The bank is headquartered in Riyadh, and has over 600 branches, primarily in Saudi Arabia, but also in Kuwait, and Jordan, with a subsidiary in Malaysia.

The bank was started by four brothers, Sulaiman, Saleh, Abdullah, and Mohamed, of the Al Rajhi family, one of the wealthiest families in Saudi Arabia.

The bank initially began as a group of banking and commercial operations which, in 1978, joined together under the umbrella of the Al Rajhi Trading and Exchange Company.

The company changed to a joint stock company in 1987, and after two years was rebranded as the Al Rajhi Banking and Investment Corporation. In 2006, the bank rebranded itself as Al Rajhi Bank. It is traded on the Saudi Arabian Stock Exchange (Tadawul), and around 75% of their shares are publicly owned. Al Rajhi family members are the bank's largest shareholders.

In 2006, after nearly 50 years of operation solely within Saudi Arabia, the bank launched in Malaysia, signifying its first foray into international banking.

Following the Saudi business model which adheres closely to the deeply rooted Islamic banking principles, the Sharia-compliant banking group is planning to be instrumental in bridging the gap between modern financial demands and intrinsic Islamic values, for the numerous industry standards and development in Malaysia.

Further regional expansion has seen the 2010 opening of a national office, men's branch and separate women's' branch in Kuwait.

It is traded on the Saudi Arabian Stock Exchange (Tadawul), and around 45% of their shares are publicly owned. Al Rajhi Bank offers a variety of banking services such as deposits, loans, investment advice, securities trading, remittances, credit cards, and consumer financing.

All services are offered according to Islamic requirements. The bank has won numerous awards for its Middle East operations.

In September 2016, Al Rajhi became the first bank in Saudi Arabia to partner with the Ministry of Housing, participating in the government's plans to increase home ownership by offering mortgages funded in part by the state. Traditionally, the bank had focused on consumer banking, but had begun diversifying its revenues with plans to adjust focus towards mid-corporate and small and medium-sized enterprise (SME) business as the Saudi government implemented its broader social reform agenda and the National Transformation Programme (NTP).

As of 2016, 70 percent of Al Rajhi's assets and 55 to 60 percent of its revenue were generated from consumer banking and the bank has an 18 percent share of the mortgage market in the Kingdom”.

According to its website, Shahjalal Islami Bank Limited “commenced its commercial operation in accordance with principle of Islamic Shariah on the 10th May 2001 under the Bank Companies Act, 1991.

During these years the company has diversified its service coverage by opening new branches at different strategically important locations across the country offering various service products both investment & deposit. Islamic Banking, in essence, is not only interest-free banking business, it carries deal wise business product thereby generating real income and thus boosting GDP of the economy.

Shahjalal Islami Bank provides financial aid through rural branch establishing agro-based industry and to produce agrarian crops under the rural investment programme. The bank also plays an important role to improve lifestyle creating new field of income and generating employment opportunities through investment in industrial sectors. As a part of social liabilities,

Shahjalal Islami Bank provides free treatment of insolvent and needy people, distributes eatable materials in poverty-stricken region, endows financial aid to the poor but meritorious students and contributes in various public welfare works. In order to perform such activities the bank found 'Shahjalal Islami Bank Foundation'.

A deal has been signed up with Western Union for reaching migrated labour's money to their relatives with swiftly and in short time.”

The reasons declared for issuing an Integrated Report (2015)

According to the Integrated Report of Al Rajhi Bank, as of 2015, “this publication – ‘Al Rajhi Bank in 2015’ – is an Integrated Report. It complements our Annual Report 2015 while communicating coherently the relationships of the many aspects of our business, such as strategy, governance, performance and prospects in the context of creating value over time. The underlying concepts that provide the structure of this Integrated Report are discussed in the section on Business Model commencing on page 17. It is a new approach that aims to engage our readers more effectively. By integrating both financial reporting and sustainability reporting, we bring into focus the broader concept of value creation and capital formation – a recurrent theme that runs throughout this Report. In preparing this report we have drawn on concepts, principles and guidance given in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines G4 (www.globalreporting.org), The International Integrated Reporting Framework (www.theiirc.org) and the Smart Integrated Reporting Methodology. We have used digital technology to serve the information needs of our diverse stakeholders. The print version is thus complemented by an interactive online report and a summary report for smartphones. Report Boundary The overall boundary of this Report comprises Al Rajhi Bank (‘Bank’) and its subsidiaries (together referred to as the ‘Group’, detailed in Note 1 on page 99). Key financial aspects are discussed in the context of the Group (consolidated), while unless otherwise stated the non-financial aspects are discussed in the context of the Bank and its operations in the Kingdom of Saudi Arabia (KSA). The Bank’s operations in the KSA dominate Group performance. Our reporting focuses on aspects that are material or important. It is an assessment based on the extent to which they may substantively affect the Bank’s ability to create value over the short, medium and long term. Compliance This Report covers the 12-month period from 1 January to 31 December 2015, and is consistent with our usual annual reporting cycle for financial and sustainability reporting. The information contained herein is in compliance with all applicable laws, regulations and standards as well as guidelines for voluntary disclosures. Additional details are given in the Compliance Report (page 77), Financial Statements and the Notes thereon (pages 94 to 161) and in the Independent Auditors’ Report (page 92). We are aware of the social and environmental impacts of our actions. The Bank adopts a precautionary approach across the Group with regard to sustainability before embarking on new ventures and initiatives. We are fully compliant with all local regulatory compliance requirements having in place best in class systems and risk management processes”.

According to the Integrated Report of Shahjalal Islami Bank as of 2015, which is more concise than the preceding Report, “the primary purpose of this integrated report is to explain to providers of financial capital how an organization creates value over time.

However, an integrated report benefits all stakeholders interested in an organization’s ability to create value over time, including employees, customers, suppliers, business partners, local communities, legislators, regulators and policymakers.

An integrated report aims to provide insight about the resources and relationships used and affected by an organization collectively referred to as ‘the capitals’. It seeks to explain how the organization interacts with the external environment and the capitals to create value over the short, medium and long term.

The capitals are categorized in the international framework as financial, manufactured, intellectual, human, social & relationship and natural capital”.

That said, it is noteworthy that when it presents its Integrated Report, both Banks do not mention explicitly any element which could bring the readers attention towards religious issues.

For instance, their publications aim to (1) communicate and to (2) integrate the relationships of the many aspects of the business within society: and these desiderata are not different from companies located in non Islamic countries.

At the same time, the fact that information is compliant with “all applicable laws, regulations and standards as well as guidelines for voluntary disclosures” and the awareness of the social and environmental impacts of the Bank’s actions are routinely described in the majority of Integrated Reports.

A closer analysis of some parts (sentences, words and images) of the Integrated Reports, nevertheless, could depict a different scenery.

Sentences and words

I have chosen from the Integrated Reports, as of 2015, some words which are commonly used and referred to in the Islamic context (Shari’a or Shari’ah; Islamic; Islam) and I have extracted the sentences they are included in [28].

The results are as follows.

Shari’a

It is mentioned the following 38 times in the Integrated Report of Al Rajhi Bank:

“The new bank strictly followed Islamic Shari’a rules” (1).

“To be most successful bank admired for its innovative service, people, technology and Shari’a compliant products, both locally and internationally” (1).

“I, together with the Board, express our gratitude to their eminence the Chairman and the members of the Bank’s Shari’a Board for their advice, patience and explanations on all issues

presented to them as well as for their monitoring the Bank's Shari'a compliance" (2).

"They are carried out in accordance with the Bank's Articles of Association and Bylaws, the Banking Control Law and the Council of Ministers' Resolution noted above, and in strict compliance with Islamic Shari'a legislations" (1).

"Given Shari'a constraints, treasury has limited investment options available" (1).

"The Bank is addressing this issue through diversifying its investments into other Shari'a compliant products through dedicated research" (1).

"Retail banking provides individuals with a full range of Shari'a compliant financial products and services such as current accounts, personal finance, car finance, home finance and credit cards across the Kingdom" (1).

"They fulfil the working capital, capital expenditure, trade finance and cash management needs of entities operating in the KSA through Shari'a compliant products and services" (1).

"Product development is carried out in coordination with the Shari'a Group of the Bank. Treasury is expanding its investment avenues to products such as Sukuk and mutual funds" (1).

"Each of our products is fully Shari'a compliant, carefully studied and approved, by our Shari'a Committee – a group of the Kingdom's most prominent and esteemed Islamic scholars" (2).

"The Group, being Shari'a compliant, is not exposed to market risks from speculative operations such as hedging, options, forward contracts and derivatives" (1).

"Compliance with Shari'a Principles: an independent Shari'a Board with a membership of a number of Shari'a scholars, has been in existence ever since the Bank was founded. The Shari'a Board's regulations are approved by the General Assembly and all business activities of the Bank are in accordance with Islamic banking principles. During the year under review, the Shari'a Board held 40 meetings and issued 60 decisions and 230 guidelines. The Shari'a Board is served by two departments: The Shari'a Board Secretariat studies and prepares banking products, agreements and contracts for the various units within the Bank. It also submits Shari'a research and studies to the Shari'a Board. More than 230 such studies were prepared during 2015. The Shari'a Supervisory Department ensures Bank-wide compliance with the decisions and instructions of the Shari'a Board. This is implemented through Shari'a auditing through automated systems as well as field visits in accordance with professional custom. The Department also prepares the annual plan and operational quarterly plans, and identifies goals, tools and methods of auditing" (12).

"It is a foreign branch operating in Hashimi Kingdom of Jordan, providing all financial, banking, and investments services and importing and trading in precious metals and

stones in accordance with Islamic Shari'a rules and under the applicable banking law" (1).

"Shari'a Authority: as a commitment from the Bank for its activities to be in compliance with Islamic Shari'a legislations, since its inception, the Bank has established a Shari'a Authority to ascertain that the Bank's activities are subject to its approval and control. The Shari'a Authority had reviewed several of the Bank's activities and issued the required decisions thereon" (4).

"The Bank offers non-interest based products including Mutajara, instalment sales, Murabaha and Istisnaa to its customers in compliance with Shari'a rules" (1).

"In accordance with the Shari'a Authority's resolutions, special commission income received by the Bank is excluded from the determination of income and is recorded as other liabilities in the consolidated statement of financial position and is paid as charities" (1).

"The Bank provides its customers with banking products based on interest avoidance concept and in accordance with Shari'a regulations" (1).

"The Bank has structured a number of financial products which are in accordance with Shari'a law in order to meet the customers demand" (1).

"The Bank is committed to Shari'a guidelines which does not permit it to enter into contracts or speculative instruments such as hedging, options, forward contracts and derivatives Shari'a principle governing guarantees" (2).

"Shari'a: Islamic jurisprudence" (1).

"It is an asset-backed bond which is structured in accordance with Shari'a" (1).

It is mentioned the following 76 times in the Integrated Report of Shahjalal Islami Bank:

"Strict Observance of Shari'ah" (1).

"We believe and are committed to provide banking service that is purely based on Shari'ah" (1).

"Adhering to the Shari'ah and implementing its principles" (1).

"However, it has a Shari'ah Supervisory Committee to look after the Shari'ah matters and gives suggestions to the management on Shari'ah issues" (3).

"Our investment is based on Islamic values as defined by the principles of Shari'ah (Islamic law). The Islamic Shari'ah attempts to maximize social welfare. Consequently Islamic investment involves the screening out of those companies whose primary business does not conform with the Shari'ah principles" (3).

"The Shahjalal Islami Bank Limited (hereinafter called 'the Bank'-'SJIBL') was established as a Public Limited Company (Banking Company) as on the 1st day of April 2001 under the

Companies Act 1994 as interest free Islamic Shari'ah based commercial bank" (1).

"[...] Shari'ah Supervisory Committee [...]" (23).

"The Bank has also a Shari'ah Council consisting of prominent Fuquah, Economists and Bankers to advise and guide the Bank operating strictly on Shari'ah principles" (2).

"Under the guidance of the Board of Directors, Executive Committee, Audit Committee and Shari'ah Council, the Management Team has been able to ensure best corporate Governance practices and risk management process in the bank" (1).

"[...] Shari'ah Based Commercial Bank [...]" (7).

"Strengthen risk-based internal audit (including Shari'ah audit) to add value to the risk management process in the Bank" (1).

"Shahjalal Islami Bank has implemented real time 24/7 Core Banking Solution called Bank Ultimus, an Integrated Shari'ah Banking Solution" (1).

"(They) advise and guide on the implementation of Islamic Shari'ah in business activities" (1).

"The Committee enjoys a special status in the structure of the Bank and playing a vital role to make the bank as Shari'ah compliant" (1).

"[...] Shari'ah compliance" (2).

"The company has been operated as the Shari'ah compliant Bank in the country" (1).

"Shari'ah Council of the Bank has been contributing their best towards invention" (1).

"The bank is complying Shari'ah principles time to time and to introduce new products which is based on Shari'ah principles" (2).

"Non-compliance with Shari'ah law and principles" (1).

"Shari'ah Non-Compliance Risk: Risk arises from the failure of compliance with the Shari'ah rules and principles" (2).

"The Committee gave necessary instructions and guidelines to the management from time to time to operate the Banking transactions according to the principles of Islamic Shari'ah" (1).

"Members of the Committee delivered valuable speech and suggestions at the Shari'ah workshops and seminars arranged by the management of the Bank for the Bank officials". (1)

"Shari'ah audit reports of the Branches are submitted to the Committee by Shari'ah inspection" (2).

"Shari'ah awareness has been developed during the year compared to previous ones due to motivation and other measures taken" (1).

"Distribution of profit among the various Mudarabah depositors have been made as far as possible in accordance with the principle of Islamic Shari'ah; The Management of the Bank should remain more careful to operate all its Banking transactions as per Shari'ah principles" (2).

"Shari'ah audit should be conducted in all Branches more frequently to verify/rectify Banking transactions to comply with Shari'ah and to ensure effective compliance of Shari'ah principles" (3).

"The Bank offers all kinds of commercial banking services to its customers through its branches following the provisions of the Bank Companies Act 1991, Bangladesh Bank's Directives of other regulatory authorities and the principles of the Islamic Shari'ah" (1).

"Although the operations of the Bank are in compliance with the rules of Islamic Shari'ah, the Financial Statements have been prepared in accordance with the First Schedule" (1).

"Shari'ah non-compliance Income" (1).

"Moreover, incomes which are irregular (doubtful) as per Shari'ah are also not included in the distributable income of the Bank. Bank charges compensation on unclassified overdue investments. Such compensation is not permissible as regular income of the Bank as per Shari'ah. Interest received from the balances held with Foreign Banks abroad and from Foreign Currency Clearing Account with the Bangladesh Bank and also other interest based banks are also not credited to regular income since it is not permissible as per Shari'ah" (3).

"The mobilized fund from Islamic Bond is investment by Bangladesh Bank and a portion of realized profit distributes among the bond holders as per mudaraba principle of Islamic Shari'ah on the basis of the tenor of the bond" (1).

"Shari'ah Council Meeting expenses" (1).

"The company follows Shari'ah based rules, so the income from non Shari'ah based Banking & financial institutions has not been recognized as income" (2).

Islamic

It is mentioned the following 29 times in the Integrated Report of Al Rajhi Bank:

"Glossary of Key Islamic Finance Terms" (1).

"The new bank strictly followed Islamic Shari'a rules" (1).

"Al Rajhi Bank is the largest Islamic bank in the world by total assets" (1).

"As an Islamic bank, our investments are non-speculative" (1).

"We are in strict compliance with Islamic Shari'a legislations" (1).

“Deeply rooted in Islamic banking principles, the Shari’ah-compliant Al Rajhi Bank has seven

subsidiary companies” (1).

“The Group continues to be instrumental in bridging the gap between modern financial demands and intrinsic Islamic values” (1).

“Tracing its roots to its founding in 1957, Al Rajhi Bank is the largest Islamic bank in the world

with total assets of SAR 316 billion (USD 84 billion)” (1).

“As one of the oldest Islamic banks in the world, our products have been adopted as models by other banks locally, regionally and internationally” (1).

“Each of our products is fully Shari’ah compliant, carefully studied and approved, by our Shari’ah Committee – a group of the Kingdom’s most prominent and esteemed Islamic scholars” (1).

“The Shari’ah Board’s regulations are approved by the General Assembly and all business activities of the Bank are in accordance with Islamic banking principles” (1).

“Guided by our Islamic culture, we continue to drive the growth of our business while supporting social, economic and environmental development in the communities in which we operate” (1).

“Our culture is heavily guided by the principles of Islamic banking” (1).

“All our financial products and services are influenced by Islamic teachings” (1).

“As the world’s largest Islamic bank, we provide customers and partners with the strength and

stability of a world-class banking organization” (1).

“In addition, we operate six branches in Jordan including four in Amman, and one branch in Kuwait to offer our customers a full suite of Islamic banking products and services” (1).

“It is a licensed Islamic Bank under the Islamic Financial Services Act 2013, incorporated and domiciled in Malaysia” (2).

“It is a foreign branch operating in Hashimi Kingdom of Jordan, providing all financial, banking, and investments services and importing and trading in precious metals and stones in

accordance with Islamic Shari’ah rules and under the applicable banking law” (1).

“As a commitment from the Bank for its activities to be in compliance with Islamic Shari’ah legislations, since its inception, the Bank has established a Shari’ah Authority to ascertain that the Bank’s activities are subject to its approval and control” (1).

“When assets are transferred under a finance lease, including assets under Islamic lease arrangements (e.g. Ijara Muntahia Bittamleek or Ijara with ownership promise) (if applicable)

the present value of the lease payments is recognised as a receivable” (1).

“Islamic jurisprudence” (1).

“It is one of three fundamental prohibitions in Islamic finance (the other two being Riba and Maysir)” (1).

“Many Islamic investment funds operate on the basis of joint Mudaraba” (1).

“However, the modern Murabaha has become a popular financing technique among Islamic banks” (1).

“This equity financing arrangement is widely regarded as the purest form of Islamic financing” (1).

“Permanent Musharaka: an Islamic bank participates in the equity of a project and receives a share of the profit on a pro rata basis” (1).

“Islamic bond” (1).

“An obligatory contribution which every wealthy Muslim is required to pay to the Islamic state” (1).

It is mentioned the following 45 times in the Integrated Report of Shahjalal Islami Bank:

“Our commitment is to contribute in building and expanding Islamic banking industry” (1). “Central Shari’ah Board for Islamic Banks of Bangladesh Islamic Banks Consultative Forum (IBCF)” (2).

“Bankers, Lawyers and Economists to advise and guide on the implementation of Islamic Shari’ah in business activities to encourage them in following Islamic principles in their business entities and to make them real partners of the Bank, the Bank takes various initiatives” (2)

“Our investment is based on Islamic values as defined by the principles of Shari’ah (Islamic law). The Islamic Shari’ah attempts to maximize social welfare. Consequently Islamic investment involves the screening out of those companies whose primary business does not conform with the Shari’ah principles” (4).

“A Bank whether Islamic or conventional is to take calculated risks for its business” (1).

“Unique risks for Islamic Banks” (1).

“The risk arising from assets managed on behalf of Investment Account Holders which is effectively transferred to the Islamic Financial Institution’s own capital” (1).

“Interest free Islamic Shari’ah based commercial bank” (1).

“Principles of the Islamic Shari’ah” (1).

“The Shari’ah Supervisory Committee gave necessary instructions and guidelines to the management from time to time to operate the Banking transactions according to the principles of Islamic Shari’ah” (1).

“Distribution of profit among the various Mudarabah depositors have been made as far as possible in accordance with the principle of Islamic Shari’ah Islamic Banking and its benefits” (2).

“May Allah (SWT), the Lord of the Universe, grant us the strength and courage to establish Islamic society on the soil of Bangladesh through Islamic Banking” (2).

“Islamic banking is a form of banking that is harmonious with the goodness of humanity” (1).

“Interest free Islamic Shari’ah based commercial bank” (1).

“The Bank offers all kinds of commercial banking services to its customers through its branches following the provisions of the Bank Companies Act 1991, Bangladesh Bank’s Directives of other regulatory authorities and the principles of the Islamic Shari’ah” (1).

“The operations of the Bank are in compliance with the rules of Islamic Shari’ah” (1).

“Guidelines for Islamic Banking” (1).

“Islamic Financial Institutions” (1).

“Profit on Investment in Bangladesh Government Islamic Investment Bond (Islamic Bond) is recognized on accrual basis” (2).

“Islamic Investment Bond: Investment in Bangladesh Government Islamic Investment Bond is reported at cost price” (2).

“Guideline for Islamic Banking issued by Bangladesh Bank vide BRPD Circular No.15 dated November 2009” (2 times).

“The City Bank - Islamic Banking Branch” (1).

“ICB Islamic Bank Limited” (1).

“Government Bond (Islamic Investment Bond)” (1).

“Bangladesh Bank has introduced Mudaraba Bond named “Bangladesh Government Islamic Investment Bond (Islamic Bond)” in September 2004 on behalf of the Government to facilitate Islamic banks and financial institutions, investment in this funds is to be considered as a component of Statutory Liquidity Ratio. The mobilized fund from Islamic Bond is investment by Bangladesh Bank and a portion of realized profit distributes among the bond holders as per mudaraba principle of Islamic Shari’ah” (5).

“Aibl Islamic Mutual Fund” (2 times).

“Ifil Islamic Mutual Fund” (1).

“Placement to Islamic Investment Bond” (1).

“Islamic Refinance Fund - Bangladesh Bank” (1).

“Profit has been accounted for 2015 from Islamic Investment Bond at an expected provisional profit rate of 1.13% on average Investment” (1).

Islam

It is mentioned the following 4 times in the Integrated Report of Al Rajhi Bank:

“Riba in all its forms is prohibited in Islam” (1).

“Conventional insurance is prohibited in Islam because its dealings contain several haram elements, such as Gharar and Riba” (1).

“According to Islam, Zakat – the third pillar of Islam – purifies wealth and souls” (2).

It is never mentioned in the Integrated Report of Shahjalal Islami Bank,

Apart from (1) being intertwined in some sentences and (2) some conventional expressions, the words mentioned above contain nevertheless some elements which offer an interesting perspective upon the IR in Islam, as it is and as it could be fostered in future research.

For instance, the two Banks admit that their approach towards IR is driven by their “Islamic culture”, as well as their products are influenced by “Islamic teachings” and they are “Shari’a compliant”; moreover a Shari’ah awareness is stimulated and developed “with motivation” by the Banks towards their counterparts. Furthermore, the Integrated Report of Al Rajhi Bank mentions the item “modesty”, “humility” and “humble” 2, 3 and 3 times respectively; likewise, the Integrated Report of Shahjalal Islami Bank contains some excerpts from the Qur’an and it systematically asks for Allah to help the Bank, for instance, to “maximize the value for all stakeholders in coming days”.

These words, even if they do not exclusively pertain to the Islamic culture, as well as the invocation to Allah, are commonly in use in Islam and they are almost always excluded in an Integrated Report prepared without consideration of the Islamic religion.

Images

The Integrated Report of Al Rajhi Bank contains n. 6 images at the end of 6 parts of the report, which are presented below.

Where: Message from the Chairman.

Title: Care for Society.

Subtitle: Contributing to a better tomorrow.

Figure: below.



Figure: below.

Where: Business Model.
 Title: A passion to serve.
 Subtitle: Anticipating and addressing customer needs, to deliver results that go beyond expectations.
 Figure: below.



Where: Financial Report.
 Title: Solution oriented.
 Subtitle: Helping our customers achieve their objectives through effective and efficient solutions.
 Figure: below.



Where: Management Discussion and Analysis.
 Title: Integrity and transparency.
 Subtitle: Being open and honest while maintaining the highest standards of corporate and personal ethics.
 Figure: below.

The images as above are depicted with Islamic signs and notation, as they are rooted in the Islamic culture, and they are placed clearly at the end of each Section as a closing remark.

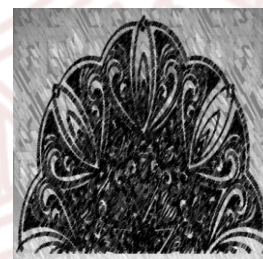
Moreover, apart from some conventional hints of Integrated Reports and IR as well, they explicitly convey specific hints of Islamic religion and cultural environment, as “being open and honest” and “being humble in thought, word and deed”.

Similarly, the Integrated Report of Shahjalal Islami Bank contains n. 7 images at the end of 7 parts of the report, which are presented below.



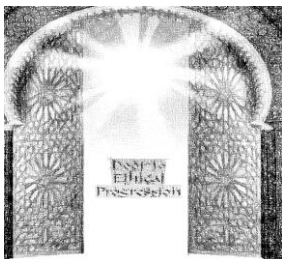
Where: Stewardship.
 Title: Meritocracy.
 Subtitle: Defining, differentiating and reinforcing excellence in people.
 Figure: below.

Where: Preface.
 Title: Messages from the Holy Qur’an. Allah will destroy Riba (usury) and will give increase for Sadaqaat (deeds of charity, alms, etc.) And Allah likes not the disbelievers, sinners.
 Figure: below.



Where: Identity.
 Title: Modest and humility.
 Subtitle: Being humble in thought, word and deed.

Where: Preface.
 Title: Door to Ethical progression.
 Figure: below.



Where: Report of the Director.
 Title: Allah will destroy Riba (usury) and will give increase for Sadaqaat (deeds of charity, alms, etc.) and Allah likes not the disbelievers, sinners.
 Figure: below.



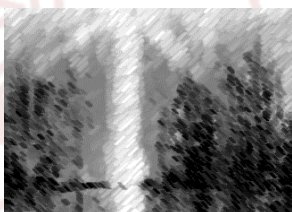
Where: Board of Directors.
 Title: The truthful merchant (is rewarded by being ranked) on the Day of Resurrection with prophets, veracious souls, martyrs.
 Figure: below.



Where: Reports.
 Title: Islamic banking is a form of banking that is harmonious with the goodness of humanity.
 Figure: below.



Where: Management and executives.
 Title: O you who believe! Be afraid of Allah and give up what remains (due to you) from Riba (usury) from now onward, if you are (really) believers.
 Figure: below.



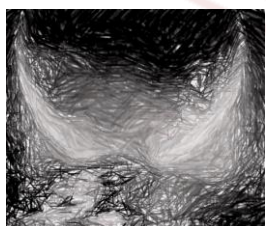
Different from the Integrated Report by Rajhi Bank, Shahjalal Bank depicts figures taken from a pastoral and reassuring natural landscape, which could be easily appreciated by a non-Islamic reader as well.

That said, however, the quotations refer always to the Qur'an and they discuss mainly the matter of "riba" (usury), the benefits of honest work and the ethical progress; in other words, the conversation retrieves some crucial points of Islam, which do not explicitly come to the surface from the analysis of the figures.

Since the two Integrated Reports make a large use of the repetition of concepts and images, an issue of narrative and visual rhetoric is present.

**

Where: Five years financials.
 Title: May Allah be pleased with him. The Prophet said: nobody has ever eaten a better than that which one was earned by working with one's own hands. The Prophet of Allah, David, upon him prayer and peace, used to eat from the earnings of his manual work.
 Figure: below.



A comprehensive assessment of the main evidence extracted from the Integrated Reports of Al Rajhi Bank and Shahjalal Islami Bank Limited, as of 2015, is now necessary, since the importance of the results obtained – in terms of words, sentences and images connected to the Islamic religion – is debatable.

The presence and the influence of the Islamic thought is formally debatable (the number of words and sentences which are strongly related to the Islamic culture is in effect probably limited, as well as the contribution of the images) so I could adopt the words of Abeydeera (2016) in the case of sustainability reporting and Buddha, since "Buddhism would seem to have the potential to inform sustainability – yet, there appear barriers to its application and representation in the corporate world. It would seem that global institutions which

are dominant in relation to reporting limit the potential for local institutions that have the potential to transform business-as-usual” [1] and again “global standardization in the form of powerful global institutions poses a challenge to incorporating and representing locally prevalent institutions in corporate sustainability reporting” [1]. In other words, institutional theory drives companies to prepare standardized reports and, in doing so, the truly positive and inspiring impact of IR is reduced as long as, according to Brown (2009), “standardized and commodified information in itself cannot be a strong instrument for empowering or mobilizing social action” [10].

At the same time, the results of this research (even if it is in its infancy) induce to adopt a more subtle approach, which make prevail substance over form: the paucity of citations of Islamic culture, in fact, is mitigated by the strong relevance of some of them.

For instance: Islamic culture and teachings do inspire the Integrated Report of the Banks, according to the Bank itself, and this is explicitly declared in the report; modesty and humility are mentioned and depicted in images; some passages of the Qur’an are clearly mentioned in pivotal parts of the Reports.

Hence, a contribution of the Islamic culture to the preparation of the Integrated Reports is noticeable and it is disclosed in the Reports as well.

IV. CONCLUSION

This paper offers insights for future research on the broad field of social and environmental issues, as well as Integrated Reporting, since it suggests to consider explicitly and to tackle – when addressing issues and potentialities of non financial reporting – the cultural and religious pattern, as such Islam.

At the same time this paper is preliminary and exploratory (it studies only two Reports using a case study approach) and it is addressed only towards the financial industry: fruitful avenues of research could foster larger samples with different religious environments.

Furthermore, as already highlighted by Kamla (2013) with reference to social reporting and Islamic Banks, even if these institutions are “keen to link their activities to Shari’ah principles” [27] not all their claims are supported by significant disclosure reflecting their actual practices, so another stream of research could be the measurement of the rhetoric instilled in their reports.

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