Islamic Family Business: The Constitutive Role of Religion in Business

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Abstract

Religion has significantly influenced societies throughout history and across the globe. Family firms—particularly those operating in strongly religious regions—are more likely to be subject to the influence of religion. However, little is known about the mechanisms by which religion affects business activities in family firms. We study how religion impacts business activities through a qualitative study of two Anatolian-based family firms in Turkey. We find that religion provides a dominant meaning system that plays a key role in constituting business activities through three mechanisms: (1) family imports religious practices as business practices; (2) family adheres to religious values as a rationale for business actions; and (3) family religious values define business taboos by avoiding the evil eye. These mechanisms highlight how religion becomes a source of well-understood business practices, how religion defines the nature of rationality that guides business activities, and how religious taboos can delimit the range of potential business activities, respectively.

Keywords: Religion; Islamic practices; Family businesses; Integration of religion and business
Introduction

Approximately 84% of the world’s population is affiliated with a religious group (Pew Research Center, 2012). Despite its centrality in society, religion has been largely neglected in organisation studies (Tracey, 2012). This research gap is rooted in the separation thesis, which depicts religion and business as distinct, with contrasting aims that may not coexist harmoniously (Freeman, 1994; Wicks, 2014). Management scholars have recently started to challenge this assumption, arguing that religion might provide deeper understanding of the behaviour of contemporary organisations with important insights for management theory and practice (e.g. Dyck, 2014; Tracey et al., 2014).

The literature on workplace spirituality (e.g. Ashmos and Duchon, 2000; Fry, 2003; Giacalone and Jurkiewicz, 2003; Krishnakumar and Neck, 2002), while not explicitly about religion, provides mixed views about its role in organisations. In this literature, spirituality is largely dissociated from religion, because it is not regarded as limited to any specific religion, and because it is locally rooted in an organisation’s values and work (Giacalone and Jurkiewicz, 2003; Mittroff and Denton 1999). Workplace spirituality is rather viewed as “…a framework of organizational values evidenced in the culture that promotes employees’ experience of transcendence through the work process, facilitating their sense of being connected to others in a way that provides feelings of completeness and joy” (Giacalone and Jurkiewicz, 2003, p. 13). Yet, a few studies in the workplace spirituality literature have given credence to the role of religion (e.g. Cavanagh, 1999; Fernando and Jackson, 2006; Kriger and Hanson, 1999). Complementing organisation-level spirituality, these studies suggest that religion, as an overarching societal-level spiritual framework and set of principles guiding everyday practices (Kellermanns, 2013), is potentially important for organisational research.
Understanding the distinctive processes by which religion guides actions and practices in business, then, can further enrich management theory and practice.

We therefore explore the role of religion in guiding actions in family firms. Family firms are one of the most dominant organisational forms in the global business environment (Astrachan and Shanker, 2003; IFERA, 2003). As family firms are significantly shaped by moral and values-based concerns (García-Álvarez and López-Sintas, 2001; Sorenson, 2013), they are particularly pertinent for exploring the role of religion in business activities (Discua Cruz, 2013; Kellermanns, 2013). At least some research has noted that the owning family’s religion is an important source of the values that shape family firms’ actions (Discua Cruz, 2013; Distelberg and Sorenson, 2009; Paterson et al., 2013). Yet, despite drawing a link between religion and family businesses, this stream of research has devoted less attention to the processes by which religion might impact actions within family firms.

We draw on two case studies of Anatolian-based family firms to explore the mechanisms by which religion impacts business actions in family firms. Our study is situated in a highly religious region, where Islamic principles and practices permeate society (Özcan and Çokgezen, 2003). This provides an extreme context where religion is very likely to be a source of values and a guide to action. Drawing from our cases, we address the research question: How does religion inform and shape business activities in family businesses?

In contrast with research into the separation between religion and business, we find that religion provides a widely recognised and shared meaning system that constitutes business activities. We identify three distinctive mechanisms by which religion impacts business actions in family firms. First, known religious practices and their associated meanings are used in family business contexts, imbuing these business practices with shared meanings that are consistent with their widely understood religious meanings. Second, shared
religious values in family firms define and delimit the types of business activities that are considered rational to those actions that are consistent with religious values. Third, religion-based taboos, which are reinforced by the religious identity of the owning family, can proscribe some courses of action that may guide business activities. Our findings extend prior research on religion and business in three ways. First, we develop theory on the mechanisms by which religion informs business activities in family firms. Second, we move beyond studies proposing that religion provides a value system against which business actions can be judged to show that it also creates a meaning system within which business actions are constituted. Third, our focus on the distinctive mechanisms that explain how religion informs and shapes business activities helps define ethical behaviour and its breadth in family businesses. These mechanisms allow us to contribute to the family business literature by showing how religion defines and delimits the types of business activities that are considered appropriate in the family business context.

**Theoretical Context**

**Changing views on the role of religion in organisations**

Long-standing assumptions about the nature of business have tended to separate it from religion (Wicks and Freeman, 1998). Introduced by Freeman (1994), this separation thesis advances the idea that religion is a fundamentally distinct realm that has little meaningful connection with business (Freeman, 1994; Wicks, 2014). It further argues that business and religion have distinct and sometimes conflicting value dichotomies (Wicks, 1996). Business is seen as essentially concerned with profit maximisation (Friedman, 1970) while religion provides a set of organised beliefs that go beyond material wealth (Miller, 2007).
Opponents of the separation thesis argue that it perpetuates the neglect of religion in organisation studies (e.g. Tracey, 2012; Wicks, 2014). Tracey et al. (2014) have identified three possible explanations of barriers to the study of religion in organisation studies. First, the majority of management scholars have considered religion a private affair and a sensitive topic. Second, there has been a longstanding belief that religion is losing its importance in contemporary societies. Third, management scholars seem largely uncomfortable with the idea that religion is a core social phenomenon and deserves scientific investigation. Religion has, thus, not yet been addressed adequately in organisation studies (King, 2008).

This neglect is somewhat surprising, given that Max Weber’s (2012/1905) classic, *The Protestant Ethic and the Spirit of Capitalism*, suggested that religion—particularly protestant Christianity—was critical in enabling the emergence of both modern capitalism and modern business firms. It thus seems that business and religion, rather than being separate, are interconnected and influence each other. To address this neglect, scholars are increasingly paying attention to theology in management (Dyck, 2014). Research on workplace spirituality may be considered an early manifestation of this theological turn in organisation studies (Tischler, 1999). A number of early studies on workplace spirituality have focused on the very definition and conceptualization of the term (e.g. Ashmos and Duchon, 2000; Giacalone and Jukiewicz, 2003; Mitroff and Denton, 1999). For example, Ashmos and Duchon (2000, p. 137) define workplace spirituality as “the recognition that employees have an inner life that nourishes and is nourished by meaningful work that takes place in the context of community”. Yet these studies commonly assert that workplace spirituality should be dissociated from religion (Giacalone and Jukiewicz, 2003; Mitroff and Denton 1999).

By contrast, a few papers in this literature have begun to acknowledge religion as one important source of workplace spirituality (e.g. Cavanagh, 1999; Fernando and Jackson,
2006; Kellermanns, 2013; Kriger and Hanson, 1999; Sorenson, 2013). Kriger and Hanson (1999, p. 304), for example, propose that contemporary organisations need certain values that the world’s major religions share such as “truthfulness, trust, humility, forgiveness, compassion, thankfulness, service, and peace”. They claim that these values provide organisations with an invisible governance system that helps them overcome difficulties, especially in crisis situations. Fernando and Jackson (2006), in a study of the impact of religion on leaders’ decision-making in Sri Lanka, find that religion provides a transcendent or truthful system of values that helps them make particularly critical or difficult business decisions. Like the separation thesis, these studies conceptualise religion and business as distinct realms with different aims. Nevertheless, in contrast with the separation thesis, these studies show that religion and business can be interconnected. Specifically, they show that managers can appeal to religious values to guide their decision-making and action. They have devoted less attention, however, to unpacking the processes linking religious values with business decision-making and actions.

**The importance of religion in family businesses**

Family businesses are one of the predominant organisational forms in the global business environment (Astrachan and Shanker, 2003; IFERA, 2003). Typically, a family business not only features economic considerations, but also inherently possesses non-economic factors such as emotion, altruistic behaviour, family values and beliefs (Sorenson, 2013; Tagiuri and Davis, 1996). Researchers have demonstrated that non-economic factors such as family norms and values have a strong relationship with business outcomes and business actions in family firms (Bertrand and Schoar, 2006; Dyer and Whetten, 2006; Schulze et al., 2003; Zahra et al., 2004). This research shows that family values permeate family firms (Distelberg and Sorenson, 2009; Sirmon and Hitt, 2003; Sorenson, 2013). These family values and norms can help build high levels of social capital and strong ties among
family members, which may in turn influence their business actions. Family members may also attempt to form an organisational culture that reflect their families’ identities (Gomez-Mejia et al., 2011). Accordingly, Aronoff (2004, p. 57) underlines “the importance of family values as the pillars of the family business culture.” These values, in shaping business actions, can have impacts on business outcomes such as long-term success (Sirmon and Hitt, 2003).

Despite a relatively large number of studies on values in family firms, only a few studies have specifically explored the influence of religion. Kellermanns (2013, p. 114) suggests that “religion may explain family firm behaviour” and serve as a “key driver” of the pursuit of non-economic, or values-based goals. Paterson et al. (2013) acknowledge that religion can be regarded as the primary source of values in family firms. They find that religion in family businesses can play crucial roles in both family and management related issues such as routine decision-making, human resource management, compensation, business policy, and charitable giving. Yusof et al. (2014) explore the practice of virtuous Corporate Social Responsibility (CSR) based on Islamic values and principles in a Malaysian family-owned publisher. They observe that family firms tend to focus more on creating and maintaining virtuous habits in the family and within the firm. Hence, they show that virtues informed by Islamic values are likely to become a source of business strategy. Such studies indicate that family firms are more focused on religion and tend to integrate religious principles into business activities. However, they provide little information about the underlying mechanisms of how religion shapes business activities in family firms.

In summary, while a nascent topic of research, these few studies clearly suggest that religion plays crucial roles in family businesses. However, the mechanisms through which religion shapes business activities in family firms have not yet been addressed in a systematic
and coherent manner. Building on extant research, our study therefore aims to unpack the processes and mechanisms by which religion shapes business activities within family firms.

Data and Methods

Empirical context

Since the 1980s, a group of successful family-owned small and medium-sized enterprises (SMEs) emerged in central Anatolian cities, where most people live in accordance with Islamic traditions (Özcan and Çokgezen, 2003). These businesses are mostly run by religiously devout businessmen who have both an “outward-looking economic philosophy” and Islamic values (Demir et al., 2004). Drawing attention to the similarity between Anatolian spirituality and Protestant Ethic, one report described these business people as “Islamic Calvinists” with a wide range of economic virtues (ESI, 2005). Hence, such companies provide a salient context for studying religious orientation in family firms.

The Anatolian province of Karaman is particularly relevant to study the role of religion in business as it is both strongly religious and economically vibrant. Historically, Karaman hosted many spiritual figures, including the poet Yunus Emre (c. 1238-1320), who contributed to the rise of spiritual music and poetry in Anatolia and Rumi (c. 1207-1273), a poet who is widely accepted as the grand master of Sufism (Lewis, 2014). As a form of Islamic mysticism that emphasizes the spiritual closeness with God, Sufism forms the basis for Islamic practices in this region (Yavuz, 2003). The majority of people living in Karaman are Muslims leading an Islamic lifestyle, as is evident in the number of women wearing headscarves and the prevalence of religious courses for children (TSI, 2014).

Economically, Karaman is one of the central cities for agricultural, industrial, and commercial activities in the Anatolian region. According to a recent investment guide, about two-thirds of the total biscuits in Turkey and one-fifth of national bulgur are produced in
Karaman (Yildirim et al., 2014). Based on 2018 statistics, the import value of goods and services in Karaman was 107.9 million US dollars (35th out of 81 cities), and the export value of goods and services was 303.4 million US dollars (31th out of 81 cities) (TSI, 2019). These figures indicate its international trade potential and vibrant economy. In short, Karaman, with its rich religious history and current economic situation provides a salient context for this particular research.

**Research design and sampling**

We used theoretical sampling (Eisenhardt, 1989) to identify two relevant cases (Yin, 2014). Our cases are two family firms selected from the predominant industries in Karaman. To gain access, the first author, who is native to this context, used some of his personal contacts who have close relationships with companies operating in Karaman. Since our theoretical interest was in the linkages between religion and business in family firms, we chose these two cases after our initial access discussions indicated that religion was important in shaping business activities. In our initial visits to these companies, we observed that the owning families are devout in their religious practices both in their personal and business lives. Such distinctive characteristic of the owning families has made these cases theoretically relevant and appropriate to our research question.

We studied two family firms (FoodCorp and FurnishCorp) operating in the food-processing and furniture industries, respectively. FoodCorp, with 460 employees, produces and packages bulgur, lentils, popcorn, chickpeas, rice, beans and wheat. It has a global focus, exporting to more than 50 countries around the world. FurnishCorp, with 280 employees, produces TV stands and exports to more than 45 countries (for company profiles, see Online

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1 Pseudonyms are used throughout to maintain anonymity.
As shown in Online Resource 1, family members are actively involved in top management positions in both firms. In particular, six family members from two households (three from the first household and three from the second one) hold top management positions at FoodCorp, including chairman, general manager, production manager, finance manager, sales manager, and R&D manager. Similarly, nine family members from two households (three from the first household and six from the second one) take key management positions at FurnishCorp, such as chairman, general manager, purchasing manager, sales manager, finance manager, production manager, logistics manager, production coordinator, and assistant general manager. Further, each family member who has an active role in these firms owns equal shares and votes, regardless of their position in the company.

**Data collection**

Data from a range of sources were collected between May 2015 and April 2016 at the selected family firms. First, our primary source of data was semi-structured interviews with key informants. We selected interviewees with a broad range of experience and positions, including both family members and non-family members, in order to capture a breadth of perspectives on whether and how religion impacts business activities. The first author conducted a total of 36 interviews with both high-level executives and middle-level managers in each company. All family members who have an active role in both companies were interviewed. Each interview, lasting between 45-120 minutes, was held in Turkish, recorded, transcribed verbatim, and translated into English. Second, the first author collected observational data of participants engaging in typical business activities, including strategy meetings, family meetings, international business fairs, and several job interviews over three periods of field observation that totaled four-months. These observations resulted in over 120 single spaced pages of field notes. These data allowed us to observe peoples’ use of religion
in their day-to-day activities. Third, we collected a variety of documents from primary and secondary sources in each company, including managers’ personal notes, e-mails, official press releases from companies’ websites, and press data from local/national websites and newspapers. We used these sources to triangulate the findings from our interview and observational research.

**Data analysis**

Our study began with an initial interest in the intersection between religion and business. We thus analysed our interviews, field notes, and documentary data for insights into the processes and mechanisms by which religion informs business activities. As typical of qualitative studies, data analysis went through several phases (Langley, 1999). We first imported the multiple data sources including interview transcripts, field notes and archival materials into NVivo. The first author read the corpus of data several times to immerse himself before he started coding. Subsequently, he applied descriptive coding (Miles and Huberman, 1994) to our data in an attempt to capture informants’ voices and perspectives on their actions. For example, he developed codes such as “praying collectively inside the company”, “calling everybody to a business meeting”, “seeking God’s rewards for business actions” and “not borrowing money because it is not Islamic”. This coding formed a basis for more analytical conversations among all authors.

Next, informed by our collaborative discussions, we wrote analytic memos about the specific phenomenon described in these categories. These memos focused primarily on how religious practices and family members’ religious beliefs informed business activities in our selected companies. This analysis process provided us with eight empirically-descriptive first-order categories, for which we provide representative examples of the data in Online Resource 2.
Subsequently, we focused on clustering our first-order codes into more analytical themes. For example, we grouped together codes such as “seeking God’s rewards” with “ensuring business activities, such as investment and contracts, accord with Islam” and “seeing religion as a roadmap in business” because our data showed that such practices, which complied with Islam, were seen to bring rewards from God. This gave us the thematic idea that people attribute material outcomes in business to their belief that God rewards actions that are guided by faith. We gave this theme the second order label “family adheres to religious values as a rationale for business actions”. Similarly, our first order categories about using Islamic practices, such as collective praying in the business context, led us to cluster them under the conceptual category of “family imports religious practices as business practices”. Our last conceptual category was about behaviours that were proscribed by religious beliefs, such as eschewing extravagance, which we interpreted through the lens of religious taboos (e.g. Durkheim, 1995/1912). As participants believed that violation of these behaviours would invite the evil eye, we coded this theme as “family religious values define business taboos by avoiding the evil eye”. Consequently, this second order analysis provided us with three major thematic categories. These categories and themes enabled us to address our research question and explain the constitutive nature of religion on business practices in the context of our family firms. Our cross-case analysis showed convergence on these themes for the selected two cases. We present the coding structure that emerged from the above analytic process in Online Resource 3.

Findings

We find that religion creates a widely shared meaning system among family members and employees that significantly shapes the conduct of business activities. We identify three mechanisms by which religion constitutes business activities: (1) family imports religious
practices as business practices; (2) family adheres to religious values as a rationale for business actions; and (3) family religious values define business taboos by avoiding the evil eye.

**Family imports religious practices as business practices**

We found that both companies import well-known religious practices and their associated meanings into their business settings. Our findings point to religion as a source of well-understood business practices within family firms. This is presumably because religion forms the most important source of family values in this context. Since the owning families are devout in their religious practices in their social life, they tend to import those practices as business practices. For example, *istishara* is a common Islamic practice through which people seek advice and consultation in every aspect of their life. *Istishara* as a religious practice involves bringing family and wider relatives together, for example, in the case of a family problem or conflict, including a religiously legitimate person inside or external to the family, in order to discuss the problem and seek resolution based on Islamic principles. In our companies, *istishara* also plays an important role as a business practice. People described *istishara* as a common practice to make particularly important business decisions. The difference between this practice and a standard business meeting lies in *istishara*’s emphasis on the role of Islamic principles that imbue the practice with a specific set of meanings. Both as a religious practice and in its use as a business practice, *istishara* involves broad rights of participation, giving anyone who belongs to the community of believers who may have insight into the decision the right and obligation to participate. *Istishara* also legitimizes the course of action that results from this community deliberation. Because deliberations are guided by Islamic principles, courses of action that result from these deliberations are widely seen as both just and representative of the voice and wide acceptance of the participants to the *istishara* meeting.
For example, in one *istishara* meeting at FurnishCorp, family members got together to make a decision on a new investment in producing home furniture products. As this important decision would affect the company’s future, all family members inside the company were obliged to attend the meeting. The meeting started with a recitation of the Quran. During the *istishara*, family members reached a consensus on the religiously legitimate way of financing their investment. For example, they decided not to take bank loans as interest (*riba*) is considered “haram” [not allowed] in Islam. Instead, they decided to apply for all available government incentive programs to finance their investment. We also observed that all family members had equal voting power and were encouraged to discuss options and voice their opinions on the final decision. After this *istishara* meeting, family members performed prayer collectively, as the elder family members took the Imam’s (who leads the prayer) role. After the prayer, they also verbally prayed together to ask for God’s help and blessings for their investment decision taken in the *istishara*.

Both companies relied heavily on *istishara* meetings for particularly important decisions. The sales manager of FoodCorp explains why they consider *istishara* important for making business decisions by referencing its religious principles in terms of the *istishara* that took place between the Prophet Mohammad and his companions before the Battle of Uhud:

“As you know, before the battle of Uhud, Prophet Mohammad, the leader of the Muslim army, was supporting the idea of defensive war against a force led by Abu Sufyan. However, the majority of the Prophet Mohammad’s companions, especially those who did not fight in the Battle of Badr, were in favour of an offensive war. Then, they discussed these two alternatives thoroughly. Finally, they made the decision that they would attack the enemy force. After this final decision, some of the companions of Prophet Mohammad attempted to change their minds and asked Mohammad to undertake a defensive war. Thereupon, Mohammad refused, saying ‘one who conducted an istishara, whatever the consequences may be, does not go wrong.’ Although the Muslim force lost the Battle of Uhud, the offensive strategy was not questioned.”
This story illustrates that the religious meaning of *istishara* defines legitimate participants to include everybody who is part of a community of believers. It also shows how the religious practice of *istishara* defines the meaning of a ‘right’ decision as any decision that is informed by community discussion grounded in religious principles, rather than decisions that necessarily have a good outcome.

Our analysis highlights that the companies reserved the use of *istishara* for strategic decisions, rather than decisions related to daily activities. For instance, managers in both companies viewed decisions about internationalisation, investment decisions and new product developments as strategic issues. For such issues, they use *istishara* meetings to increase family participation in strategic decisions. For example, the chairman of FoodCorp explained how *istishara* meetings enabled family members to make strategic decisions collectively:

“We have our rules in company management. For example, how do we invest, how much do we produce, how do we develop strategies about bulgur, how do we develop products, how do we enter into Japanese market? We use *istishara* for these issues.”

As participants from both companies are religious, they share similar understandings about the role of *istishara* in fostering collective ownership over strategic decision-making processes. Such *istishara* decisions are legitimate because they grounded in religious principles, rather than because they necessarily have positive outcomes. As the sales manager from FurnishCorp explained, this meaning alleviates pressure in decision making:

“The most important benefit of *istishara* is that it reduces pressure on executives in decision-making. The decision that we make can result in either profit or loss. However, if it’s made through *istishara*, there will be no room for questioning that decision. For example, we made a decision to sell our products not only to retailers but also to distributors. Thank God, this decision led to positive results, but it could also have negative consequences. It prevents family members from being scapegoated, which is, I think, a serious threat that undermines partnership.”
The above excerpts clearly demonstrate that both companies have been using istishara as a mechanism for drawing out broad family participation in strategic decisions, as well as a coping mechanism that helps decision makers deal with the negative consequences of a wrong decision. Consistent with Islamic business ethics that encourages transparency in business (Beekun and Badawi, 2005), istishara provides family members with an environment that fosters engagement and open dialogue. The meanings associated with istishara as a religious practice, when imported as a business practice to make strategic decisions, give family members higher confidence in the decision-making process and increases their willingness to engage in collective strategic decisions.

**Family adheres to religious values as a rationale for business actions**

Family members from both companies attribute positive or negative business outcomes to their adherence to religious values in their business activities. This highlights that religion underpins business rationality by defining as rational those business actions that are consistent with religious values. The purchasing manager of FurnishCorp summarized this belief as: “God knows everything and nothing exists outside of His will and decree. It is the will of God that people face “good” or “bad” consequences. However, this doesn’t mean that we are free to do nothing. We should first try to do our best, and God will do the rest!”

This belief also implies that people will receive rewards and punishments not only in the Hereafter but also in the material world, for actions that are consistent with religious principles. According to Islam, Muslims believe that their ultimate aim is to please God and go to heaven. However, our findings show that people are also eager to receive God’s blessings in the material world, attributing business outcomes to adherence to religious values. Indeed, such an emphasis on both material and spiritual realms forms the basis for Islamic business ethics that acknowledges the importance of a balance between these two realms. According to Islamic business ethics, people tend to seek for a balance between
material and spiritual satisfaction (Rice, 1999). Such reference to both worlds are particularly
common among family members inside both companies as religious values and beliefs
underpin their family values. For example, the production manager at FurnishCorp narrated
how his family, without any prior experience, entered into a furniture industry and succeeded:

“One day, my elder brother came to me and asked whether I could produce a
protected TV stand for his house so that his 1.5-year-old son could not drop it. We
asked our carpenter friend for help. Then we produced a TV stand, which was our
first product. But the key point is our true intention. We call it the will of God. At that
time, we had around 20 employees in our factory. It was a day of the month of
Ramadan and we were about to deliver special food packages both to our employees
and to locals in need. The delivery guy who brought those food packages saw that
product and asked whether he could buy it. If he didn’t see that product, we would not
be in this business now... The key point here is this: Our intention was to distribute
food packages as part of our Zakat [compulsory charity as required by one of the five
pillars of Islam]. This is the saying of God: "Take one step towards me, I will take ten
steps towards you."

Similarly, participants attributed negative business outcomes to instances where they
had failed to adhere to religious principles. For example, family members at FurnishCorp
narrated a situation in which they took a one-off bank loan during the 2008 global financial
crisis—a practice that is banned in Islam:

“During the 2008 global financial crisis, we faced a significant financial deficit. We
thought that we could get a bank loan... in order to survive. As a family, we had a
very hard time making this decision. We then experienced a much more severe
financial deficit. We had a family meeting. We realized that God was punishing us,
just because of our one-off decision about working with a bank. Then we collectively
decided that we should sell all our property, such as houses, cars and land, to pay off
our bank loans as soon as possible. This decision was a turning point for this
company. After this decision, we got some offers to work with very big companies. We
truly believe that God tested us and rewarded us.”

Similarly, participants from FoodCorp explained how they attribute their good fate to
having good intentions. For instance, after a huge investment in the silos where they stored
their products, one of their silos crashed in 1988. Since they had sunk money into those silos,
they faced financial problems in buying raw materials. The sales manager narrated how the problem was solved:

“In those years, our customers were sending money to our bank account in advance. Due to the lack of production capacity, we couldn’t deliver their products on time. Consequently, we were sending their money back to their accounts. Yet, the bank manager, with a bewildered look on his face, asked us why we were sending money back… Then, we made a huge investment on our silos to increase our production capacity. We spent all our money on building our silos. In those days, one of our silos suddenly crashed, and we were about to go bankrupt because we couldn’t use the wheat inside that crashed silo. To continue our production, we needed to buy extra wheat; however, we didn’t have money to do it. After that, one of our family friends came to the factory as a godsend. He gave us 3 trucks of wheat without asking any money, which saved us from being bankrupt… The Quran tells us: “Whatever good happens to you is from God, and whatever bad happens to you is from your own self.” That is, if the intention is good, a godsend comes to you.”

The sales manager, in the above excerpt, implies that their initial act in good faith (sending money back) towards customers when they could not deliver orders due to the lack of production capacity was rewarded by God.

Our participants consistently invoked an Islamic principle related to the distribution of wealth, which says “if one spends for the sake of God, his wealth increases; there will be blessing on his property and wealth; and God will give him recompense” (Hashim, 2012, p. 110-111). This principle implies that people who consider God in their actions and obey His commandments will receive His blessings in the material world. In both companies, such principles intimately inform strategic decisions, and family members attributed the success or failure of those decisions to their conformity with their religious beliefs. We conceptualised this attribution of meaning as a religious rationale for action in which material rewards and punishments are seen as an outcome of whether business actions and intentions are pleasing to God. Hence, consideration of whether an action is religiously appropriate is central in shaping how people in our firms formulate business actions.
Family religious values define business taboos by avoiding the evil eye

In our final theme, participants pay particular attention to avoiding the evil eye ("nazar") by refraining from business actions that would violate religious taboos. This shows how religion can delimit the range of potential business actions. According to Islamic belief, the sources of the evil eye can be either envy or extravagance, which may in turn lead to misfortune, injury or even death (Gershman, 2015). For this reason, people try to avoid showing off their successes and wealth, which are forbidden or taboo in Islam. We find that efforts to avoid the evil eye can proscribe particular courses of action. For example, the production manager of FoodCorp, who was a family member, expressed the belief that extravagance and envy are the main sources of the evil eye:

“Our family sees pride as a weakness. We have a humble lifestyle. We have fear about the evil eye. As a matter of belief... We pay particular attention to this. We don’t want to come to somebody’s attention. For example, my dad and uncle have never had a Mercedes car... We have a Volkswagen Golf.”

Consistent with this belief, FoodCorp’s human resource manager, a non-family member, asserted that humility was a key feature of the family members: “Compared to the people in this industrial zone, they [family members] have a special place. This is not just my claim; I am sure that all people who know them would say so. They’ve grown up in a humble family. We feel that we are part of this family.”

Similarly, in FurnishCorp, the general manager stated that although family members could all live in luxury, they preferred to be “ordinary people because extravagance is banned in Islam”. Moreover, he repeatedly mentioned:

“This is a marathon. This is not a short-term-oriented company. Our sole aim is not to grow rapidly but to receive God’s blessings. Our aim is to become a company in which everyone is happy and has the spirit of sharing. Now we can buy super luxury cars and people can think of us as unapproachable. This is not our aim. Our religion has banned extravagance.”
Practices that we observed in business are heavily shaped by religion. Therefore, religion also defines certain types of practices that would be business taboos. In particular, efforts to avoid the evil eye, as participants from both companies expressed, prevent them from the excessive use of company resources. The production manager of FurnishCorp, for example, stated that, by avoiding extravagance and luxuries, they were maintaining their motivation and enthusiasm at work:

“All our family members have a decent house. Even some of our employees rent more luxurious houses than our houses. However, they would never be able to buy that house due to their pride. I am 36 years old and live in my own house. I also hold 11% ownership of this company... Of course, we could buy better properties and almost everything we want; however, what would happen then?... Perhaps, we would lose our motivation towards our work. Or we would come to somebody's attention and lose what we currently have. We have a fear of the evil eye…”

Complementing courses of action to avoid the evil eye, we also observed that people relied on symbolic and discursive rituals associated with Islamic principles to avoid the evil eye. For example, in the entrance of almost every door inside companies, there is a “Bismillah” (in the name of God) calligraphy so that people who enter the rooms can evoke the name of God. In addition, they paid careful attention to entering or leaving their office with their right foot first, as it was the tradition of the Prophet Muhammad. Similarly, whenever they had to do something with their hands, they preferred to use their right hands. When probed about these symbolic practices, participants often revealed that such practices would please God, which would in turn ward off the evil eye and increase the divine gift.

In addition, participants used some discursive practices associated with Islam. For example, during a strategy meeting in FurnishCorp, participants frequently used Islamic discourses such as “inşallah” (God willing), “maaşallah” (God has willed it), “kardes” (brother or sister), and “Allah razi olsun” (May God be pleased with you). Moreover, participants often tended to use “Selamūnaleyküm” (May God be upon you) as a greeting.
The founder of this company, an 85-year-old retired man, visited the company every Friday during our ethnographic observation. He directly went to the president’s room to pray and recite the Quran there. As one family member explained, “perhaps this practice protects this company from the eyes of envious, jealous, and covetous people.” Furthermore, participants tended to recite “Bismillah”, the first verse of the Quran, at the beginning of a business meeting. In so doing, participants believed that they invoked God within the business context and that He would in return help to protect them from evil.

These data provide evidence that belief in the evil eye, and efforts to avoid it, play an important role in these companies. Since these taboos are heavily grounded in religious beliefs, they are particularly prevalent in these families whose values are informed largely by religion. Family members from both companies pay meticulous attention to avoid envy, extravagance, and showing off their success and wealth. These behaviours are often viewed as morally wrong and inconsistent with Islamic business ethics (Rice, 1999). In addition, both companies utilise symbolic and discursive practices associated with Islamic principles as a means to avoid the evil eye. As our data show, such shared religious values about avoiding the evil eye can proscribe particular courses of business actions.

Discussion

We identify three mechanisms by which religion plays a role in constituting business activities. The first mechanism—family uses typical religious practices and associated meanings in business contexts—shows how religion might become a source of well-known business practices. By importing widely shared and understood religious practices, family business owners can create common experience between these wider religious practices and the way work is conducted within their firms, generating consistency between spiritual and business life in family firms. When religious practices are ubiquitous within a region, firm
members are highly familiar with their religious meanings, such as *istikhara* in our study. Rather than being antithetical to business (Freeman, 1994; Wicks, 2014) our findings show that religion is a source of at least some of the repertoire of practices that people draw on in business contexts. While achieving a shared understanding of business practices is portrayed as challenging in much of the literature on organisational strategy and change (e.g. Spee and Jarzabkowski, 2017; Zbaracki, 1998), often posing a barrier to collective action (Sillince et al., 2012), our study shows that the widespread meaning systems underpinning religious practices may engender a basis for shared understanding and action.

The second mechanism—family adheres to religious values as a rationale for business actions—explains how religion provides a particular type of rationality that guides business actions and outcomes in family firms. By rationality, we mean a reasoning process through which actions and their consequences are predicated on certain beliefs, aims and ideas (Cabantous and Gond, 2011; Weber, 1968). We show that in the faith-led family business context, family members attribute their business successes or failures to whether their business actions adhere to religious principles. This suggests that they believe that successes and failures are neither random events dependent on luck, nor outcomes arising from planning and good decisions. Rather, people have a particular view that the business consequences of their actions is reliant on their adherence to religious principles in those actions. This belief that the religious intention behind actions shapes their outcomes suggests that religion can define the nature of rational action.

We thus extend existing understandings of rational action in business (Cabantous and Gond, 2011) to include religious beliefs as a form of value rationality, which refers to the process through which an action is guided by values intrinsic to actors, rather than by its mere means-end calculation (Kalberg, 1980). We suggest that family members in family firms operating in a faith-led context are likely to take value-rational business actions in conformity
with their religious values (Kalberg, 1980; Weber, 1968). This specific type of rationality may provide family firms with a defined choice set from which to make business decisions. As a result, religion, in shaping the nature of rationality, can provide an important basis for business activities.

The last mechanism—family religious values define business taboos by avoiding the evil eye—explains how a shared meaning system imposes tacit boundaries on business actions. A taboo is a socially constructed concept (Kallio, 2007) “that is commonly understood as the sacred, ‘marked off’ and forbidden areas of social experience”, thus helping “create and maintain social order” (Michelson, 2002, p. 140). Callois (1959, p. 100) argues that “the sacred, in ordinary life, is expressed almost exclusively through taboos”. Belief systems commonly contain certain sacred elements that are protected by taboos (Durkheim, 1995/1912) and that cannot be violated (Schoemaker and Tetlock, 2012). Transgression of those taboos is linked to violations of religious values, which in turn leads to divine sanctions (Durkheim, 1995/1912). As people do not tend to question widely-shared taboos, this can place boundaries around what constitutes appropriate business activities (Michelson, 2002).

Such longstanding taboos can also provide specific symbolic principles and heuristics (Bingham and Eisenhardt, 2011; Eisenhardt and Zbaracki, 1992) that give an underlying rationale for business activities. For example, these taboos provided a simple rule that shaped resource allocation strategies in our study (Eddleston et al., 2008); family members tried to abstain from greed and vanity, thus preventing them from depleting the company’s assets and resources recklessly. Taboos associated with resource preservation may be particularly important for family businesses because new generations and heirs in family firms tend to deplete the family’s assets rather than engage in new wealth-creating activities (e.g. Jaffe and Lane, 2004). We argue that avoiding the evil eye can mitigate such risk and thus help
maintain a close relationship among family members. While religious taboos will not always correspond with this conserving of resources, we suggest that taboos that are informed by a dominant meaning system will significantly shape business activities.

**Contributions and Conclusions**

We propose that the above three mechanisms form the basis for the constitutive role of religion in family firms, especially those that operate in a religiously homogeneous environment. Together the three mechanisms that we identify highlight the deep entanglement between religion and business, showing how religion creates a wider system of meaning within which business actions are formulated. Our focus on the three mechanisms by which religion helps constitute business practices, actions, and meanings in family firms allows us to contribute to the existing literature in several ways. First, our findings provide contradictory evidence to the long-standing separation thesis (Freeman, 1994; Wicks, 2014), which suggests that religion and business may not coexist harmoniously due to their distinct and seemingly contrasting aims. We show that, as a widely shared meaning system that permeates society, religion is difficult to separate from business. Therefore, unlike the separation thesis’ emphasis on distinct and sometimes conflicting value dichotomies between religion and business (Wicks, 1996), we argue that in faith-led contexts, religion, because it provides a widely shared meaning system, plays a constitutive role in business.

Second, we complement and extend emerging research on religion and business by generating new insight into how religion can shape business. Recent literature proposes a theological turn in management (Dyck, 2014), promoting the idea that religion can be considered an important source of workplace spirituality (e.g. Cavanagh, 1999; Fernando and Jackson, 2006; Kellermanns, 2013; Sorenson, 2013). These studies acknowledge the integration of religion and business. Building on this stream of research, which shows that
religion can inform business in a general way, our analysis provides insights into the mechanisms through which religion shapes business activities. These mechanisms, underpinned by a shared religious meaning system that permeates a community, intimately inform business activities, often in ways that surmount perceived problems in business. We show that religion defines specific practices as either appropriate or inappropriate. Thus, religion enables family firms to adopt certain well-known religious practices as business practices, providing a repertoire of business practices. Yet it also constraints certain business practices, thus preventing the clash of values. By telling people what to do and what not to do, religion helps prevent potential schisms and reconcile opposing interests, which in turn supports the integration of religion and business. We thus develop a more extended and considered treatment of the constitutive role of religion in business within organisation theory, which is lacking in the literature (Tracey, 2012).

Our third contribution rests on the concept of value rationality (Weber, 1968). To explain how these firms rationalise their actions, we reintroduce the notion of value rationality (Kalberg, 1980; Weber, 1968) into organisation studies. Value-rational organisations are those in which adherence to an absolute belief, such as a religious belief, prescribes the legitimacy of actions (Satow, 1975; Weber, 1968). Similarly, religion refers not only to beliefs but also to a system of values, such as “truthfulness, trust, humility, forgiveness, compassion, thankfulness, service, and peace” (Kriger and Hanson, 1999, p. 304) that, as our findings show, prescribe which actions may be legitimate within the business context (see also, Fernando and Jackson, 2006). Our study thus shows that religion, in contexts where it provides a dominant and shared meaning system, may define the very nature of rationality. Such a shared dominant meaning system prompts and guides people to take value-rational actions in their business settings. In doing so, people go beyond a pure means-end calculation of an action; instead, they rationalise their actions based on the value
content of those actions (Kalberg, 1980; Satow, 1975). Such a value focus on business actions may also help define ethical behaviour and its breadth in family businesses. Indeed, Islam itself is grounded in a particular type of moral or ethical code that promotes a balanced satisfaction of both the material and spiritual satisfaction of individuals (Rice, 1999). As indicated in our findings, the effort to seek for a moral satisfaction along with a material contentment gives rise to value-rational actions in business. Hence, such value rational actions grounded in a strong religious moral code play a critical role in influencing ethical behaviour in business. Given that ethical behaviour is particularly prevalent in value-laden organisations (García-Álvarez and López-Sintas, 2001), our study shows that religious values help individuals constitute their business actions in ways that are ethical and value-rational.

These mechanisms through which religion shapes business activities help us explain the critical role of religion in family firm behaviour. Family firms are particularly value-laden organisations (Kellermanns, 2013; Sorenson, 2013). We show that family business values derived from and reinforced by religion may both enable and constrain business activities in family firms. On the one hand, well-understood business practices informed by religious values and a different nature of rationality define the types of business activities that are possible and considered appropriate. On the other hand, widely-shared religious taboos delimit the boundaries of what constitutes appropriate business activities. We thus provide a more extended view of the role of religion in family businesses.

This study is subject to some limitations. First, our sample is not representative of all family firms in Turkey, in which both secular and religious companies operate (Demir et al., 2004). Instead, our focus is on family firms operating in a particular setting in Turkey where religion provides a dominant and homogeneous meaning system. We would expect similar mechanisms to shape and inform business activities in other religiously-homogenous regions; however, the specific religious practices and taboos in operation might vary. Similar
mechanisms might apply particularly in family firms, where we can assume that all members of the management group share the same religious values and principles. However, studies on companies operating in more pluralistic contexts, where multiple religious beliefs pertain, may provide different findings. Our study thus provides grounds for further research in both homogeneous and pluralistic contexts in order to compare those mechanisms that enable integration, and mutual constitution, of religious and business practices. Second, we study business practices that are specific to Islamic teachings. The same practices may not apply in settings where different religious teachings and practices prevail. However, we believe that our theorisation of the constitutive role of religion on business in family firms has applications in other religious settings. Future research on family firms operating in different religious contexts can therefore extend our conceptual model of those mechanisms by which religion constitutes business activities.

In conclusion, in this study we explored the role of religion on business activities in family firms. To that end, we focus on two Anatolian-based family firms operating in a context in which religion largely permeates the society. Based on our findings, we developed a conceptual model explaining three mechanisms by which religion constitutes business activities. We propose that these mechanisms are underpinned by religion as a widely shared and understood meaning system that significantly shapes business activities within family firms.
References


