Accounting, Religion and Organisational Culture: The Creation of Jordan Islamic Bank

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Abstract

**Purpose:** The paper examines the cultural factors that shaped the creation of one of the earliest Islamic banks, discussing the tensions that arise between religious and economic aims.

**Design/methodology/approach:** The research is a case study of a historically significant institution. The information on which the paper is based was obtained through interviews with participants in the process being analysed, review of archived documents, and observation. Edgar Schein’s theory of organisational culture and leadership is employed to provide theoretical structure for the analysis.

**Findings:** The paper shows that creating a new type of organisation – an Islamic bank – in Jordan required special legislation. A study of the development of this legislation reveals that the bank’s founder needed to convince both the religious and political authorities and potential investors that the bank would comply with *Shari’a* principles while at the same time generating profitable business. The outcome was to validate transactions that were *Shari’a*-compliant in form but similar in substance to those of conventional banks.

**Research limitations:** The study examined one bank, and the findings are not necessarily representative of the experience of other Islamic financial institutions.

**Practical and social implications:** The research highlights the problems faced in establishing businesses that seek to follow the moral and economic teachings of Islam. The paper contributes to the ongoing debate about whether it is possible to establish genuinely Islamic businesses within a conventional economy.
Originality/value: This is the first detailed academic study of the creation of an Islamic financial institution to make use of a wide range of documentary and oral evidence, including interviews with insiders.