

# Islamic Corporate Social Responsibility in the Company of Sharia in Indonesia with the Implementation of Maqashid Sharia

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**Abstract**—The issue of corporate social responsibility, or often known as CSR is no longer a new thing. CSR is no longer considered as the responsibility solely, but rather the commitment of the company in a row as well as in the development of the national. The development of CSR from time to time grew quickly, initially known as the activity is voluntary, but this time the CSR is known as the obligations to be performed by the company. The company, which is based on Islam and with the number of citizens who are Muslim-majority, of all the activities undertaken by the company should be based on the teachings of Islam, one of which is the maqasid shariah. maqasid shariah is the provision In Islam that aims to meet the needs of mankind. The study aims to determine and explain the maqasid shariah index is used as the basis for the implementation of I-CSR in the company that runs the principles of sharia. to achieve the object of this research using the method of juridical empirical, with the specification of the research using descriptive analysis and then analyzed with qualitative analysis to describe or explain maqasidariah sharsalahia and masah mursalah as a CSR Islami on the company that runs the principles of implementation. the results show that most of the companies that run the activities with the principles of sharia have been using maqasid sharia as a basis, although the application explicitly.

**Keywords**—*I-CSR, CSR, corporate sharia*

## I. INTRODUCTION

Bowen underlies the concept of CSR with the statement that:—" it refers to the obligation of businessman to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society [1]".

Davis wrote about Can Business Afford to Ignore its Social Responsibilities? Davis sharpens the view that social responsibility should be shared by organizations [2]. CSR development not only stalled on Elkington was a foundation of the concept of "triple bottom line". This concept gives more serious attention to the expansion of conventional accounting that "single bottom line" i.e. profit alone into the "Triple

Bottom Line" consisting of people (society), planet (environment)and profit(profit) offered into the concept of accounting social and environmental accountability [3].

Further explained about the definition of disclosure of Corporate Social Responsibility according to Gray that: "The process of providing information designed to discharge social accountability. Typically, this act would be undertaken by the accountable organization, and this might include information in the annual report, special publications or even socially oriented advertising [4]".

Various definitions of CSR evolve with the times and follow the thoughts of many experts. Not spared from that, the disclosure of Corporate Social Responsibility was defined according to Islam by some experts. Hassan and Harahap define the Islamic perspective on corporate social responsibility disclosure as an understanding of the concepts of accountability, social justice, and ownership centered on societal relations. Then, one of the first Islamic banks in Indonesia, Bank Muamalat Indonesia defines that: "Corporate Social Responsibility (CSR) or translated as corporate social responsibility is a concept that the company or organization in general has a responsibility to all its stakeholders be it employees, consumers, shareholders, communities and organizations. environment in all aspects of the company's operations [5,6].

Based on the Law of the Republic of Indonesia Number 21 of 2008 on Islamic Banking in article 4 that:"(1) Islamic Banks and UUS are obliged to carry out the function of collecting and distributing public funds. (2) Islamic Banks and UUS can carry out social functions in the form of baitul mal institutions, namely receiving funds derived from zakat, infak, alms, grants, or other social funds and channeling them to zakat management organizations. (3) Islamic banks and UUS can collect social funds derived from waqf money and distribute it to waqf managers (nazhir) in accordance with the will of the waqf (wakif) giver."

This indicates that the implementation of social functions in Islamic banking, reflects the role of Islamic banking in the equalization of economic welfare. In fact, CSR activities carried out by Islamic banking are quite diverse in Indonesia. This is because there is no regulation that requires to the extent that CSR disclosure in Islamic banking is carried out, then each Islamic bank conducts CSR in its own "way".

CSR is an approach by which companies integrate social care in their business operations and in their interactions with stakeholders based on the principles of volunteerism and partnership [7]. Essentially CSR is a form of giving back (returning) the company (corporation) to the community (community). In this case, CSR can be done by doing and generating business based on sincere intentions to make the most positive contribution to the community (stakeholders) [8]. Therefore, the importance of CSR regulation in Indonesia, to have regulatory power, connective power and thrust. CSR that was originally voluntary needs to be upgraded to a more mandatory CSR. With this nature, it is expected that the contribution of the business world is measurable and systematic in participating in improving the welfare of the community. Policies that are pro-society and the environment like this are needed during the current neoliberalism as it is today. Conversely, on the other hand, the public also cannot arbitrarily make demands to the company, if the expectation is beyond the limits of the applicable rules.

## II. DISCUSSION

### A. Corporate Social Responsibility

The term CSR was first introduced in the social responsibility of the businessman in 1953. CSR was initiated by Howard Rothmann Brown to eliminate the anxiety of the business world. CSR is an approach by which companies integrate social care into their business operations. CSR is usually said to be a continuous commitment from business circles, to behave ethically and contribute to economic development, while improving the quality of life of employees and their families, as well as the local community and the wider community at large [9].

CSR can be defined as a company's moral responsibility to its stakeholders, especially the community or community around the working and operating areas of the company. The moral and ethical principles of the company can be seen by the harmonious relationship between the company and the surrounding community, namely achieving the best results by minimizing losses for other community groups [10]. While according to Law No. 40 of 2007 on Limited Liability Companies in 1 number 3 explained Social and Environmental Responsibility is the Company's commitment to participate in sustainable economic development to improve the quality of life and the environment that is beneficial, both for the Company itself, the local community, and the community in generally.

Corporate Social Responsibility (CSR), CSR can be interpreted as the industry's commitment to account for the impact of operations in the social, economic, and environmental dimensions and maintain that these impacts contribute benefits to society and the environment. Implementing CSR consistently in the long term will foster a sense of community acceptance of the company's presence [11].

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Yusuf Wibisono [12] in his book explained that CSR is the commitment of the business world to continuously act ethically, operate legally and contribute to economic improvement, along with improving the quality of life of employees and their families as well as improving the quality of local communities and the wider community. The International Organization of Employers (IOE) defines CSR as "Initiatives by companies voluntary integrating social an environmental concern in their business operations and in their interaction with their stakeholders". From this definition it can be understood that CSR is an initiative of a company that is voluntary or voluntary and exceeds the legal obligation to the laws and regulations where its activities are carried out by involving stakeholders.

The main motivation of any business enterprise is to increase profits. Neoclassical economic logic states that with the increasing profits and prosperity of a company it will certainly increase the prosperity of the people because the products produced will be cheaper and more efficient. Reality is not as beautiful as theory. Many companies are not only getting richer but also getting more powerful, while the population is poor and weak and socially, economically, politically, health and environmentally more and more. Corporate progress also contributes to injustice and social inequality because economic growth is not always in line with the equalization or distribution of welfare [13].

To fulfill economic responsibilities, a company must generate profits as a foundation for maintaining its existence and flourishing. Economic responsibility is the most natural and primitive desire of a company as a business organization to earn profits. But in achieving the goal of finding profits the company must also comply with applicable laws and regulations. Attempts to break the law to obtain profits must

be opposed so that the company does not use and justify all means to obtain such profits. The ethical values of the community should be used as a reference for the company in carrying out its business. Moreover, the company must also have philanthropic responsibilities that require that the company can contribute to society so that the quality of life of the community can improve in line with the company's business operations. [14]

### B. *Maqashid Shariah*

In terminology, maqasid shariah can be interpreted as a value and meaning that is used as a purpose to be realized based on the provisions of Allah Swt. According to Imam Asy-Syatibi stated that the main purpose of sharia maqashid is to maintain and fight for three categories of law, namely:

1) *Daruriyyat*: Daruriyyat is a situation in which the need is obliged to be met immediately which if ignored will pose a danger or risk to the destruction of human life. There are five main and fundamental points that fall into the type of daruriyyat where if it can be fulfilled then mankind will get a glorious and prosperous life in this world and in the hereafter, namely:

- Religion, which is related to the worship performed by every Muslim, defending the religion of Islam from heresy and attacks of believers in other religions,
- The soul, which is something very precious and must be guarded and protected. A Muslim is forbidden to kill others or himself.
- Reason, which is the difference between animals where it is mandatory to maintain and protect it. Islam advises to study in any country and prohibits damaging common sense.
- Descendants, namely maintaining the lineage by marrying religiously and recognized by the state so that mankind gets a glorious life, and
- Treasure, which is a very important and valuable thing that is obtained in a halal way.

2) *Hajjiyat*: Hajjiyat is a situation where a mandatory need has been met so as to increase the value with other needs. This can add efficiency, effectiveness, and added value to human activities. Hajjiyat can also be interpreted as the fulfillment of secondary or complementary needs so that it can support human life [16].

3) *Tahsiniyat*: Tahsiniyat is a refinement need, but this level of need is not very important because it is only a complementary need. Language means things. This level of need is not very important just as a complementary need. Maqashid sharia as the basic foundation in Islamic economics to realize the glory and welfare of life not only in the world, but also in the hereafter can be realized with the fulfillment of all the needs of human life so that it will have a benefit impact.

Maslahat here is a condition where material and non-material aspects have been fulfilled in carrying out life activities [16].

### C. *Principles of Shariah in the Implementation of Islamic Corporate Social Responsibility in Shariah Companies*

As did Bank Muamalat, revealed in the annual report and annual report in 2020 released on its official website ([www.bankmuamalat.co.id](http://www.bankmuamalat.co.id)) that CSR activities carried out include environmental aspects, social development of the community in collaboration with Baitul Maal Muamalat (BMM), employment, occupational health, and safety (K3), responsibility to consumers and a special program namely "Bersama Muamalat Merajut Nusantara" in the framework of Milad Bank Muamalat [17].

The implementation of corporate social responsibility (CSR) is not just carrying out obligations, but more than that, the form of moral responsibility to stakeholders. For this reason, the Bank always tries to share the value. Nevertheless, the implementation of CSR is also an activity device to increase bank awareness in the community, business entities and other stakeholders. This will improve the bank's positive image while continuing to contribute to the maximum economic, environmental, and social community.

Bank Muamalat Indonesia has the legal basis of CSR implementation policy, which is divided into two foundations, namely sharia foundation which is outlined as follows [6]:

1) *The Qur'an is contained in QS Al-Imron verse 92:*

لَنْ تَنَالُوا الْبِرَّ حَتَّى تُنْفِقُوا مِمَّا تُحِبُّونَ وَمَا تُنْفِقُوا مِنْ شَيْءٍ فَإِنَّ اللَّهَ بِهِ عَلِيمٌ ٩٢

"You have not come to the good before you have given up the wealth you love. Whatever you do, God knows it."

The policy used by Islamic banking in this case is bank muamalat, is about the priority in doing alms to others. This is seen from the basis used, when in the bestowal of the most loved treasures, and all good deeds will get a reply from Allah SWT.

2) *QS Al-Maidah verse 2:*

يَا أَيُّهَا الَّذِينَ ءَامَنُوا لَا تَجْلُوْا سُعْتِرَ اللَّهِ وَلَا السُّنَّةَ الْحَرَامَ وَلَا الْهَدْيَ وَلَا الْقَلَائِدَ وَلَا ءَأْمِينَ الْبَيْتِ الْحَرَامِ يَبْتَغُونَ فَضْلًا مِّن رَّبِّهِمْ وَرِضْوَانًا وَإِذَا حَلَلْتُمْ فَاصْطَادُوا وَلَا يَجْرِمَنَّكُمْ شَنَاٰنُ قَوْمٍ أَن صَدَّقْتُم مِّنَ الْمَسْجِدِ الْحَرَامِ أَن تَعْتَدُوا شَنَاٰنُ تَعَاوَنُوا عَلَى الْبِرِّ وَالتَّقْوَىٰ وَلَا تَعَاوَنُوا عَلَى الْإِثْمِ وَالْعُدْوَانِ وَاتَّقُوا اللَّهَ إِنَّ اللَّهَ شَدِيدُ الْعِقَابِ ٢

"Do you who believe, do not violate Allah's Shi'ar-shi'ar, and do not violate the honor of the haram months, do not (disturb) the animals of the hadith, and the animals of qalaa-id, and do not (also) disturb those who visit Baitullah while they seek the grace and pleasure of their Lord and when you have completed the Hajj, then may hunt. And do not hate any people, for they prevent you from the Mosque, encouraging you to

*persecute them. And help you in virtue and piety, and do not help in sin and transgression. And fear Allah, surely Allah is very heavy in his punishment."*

While in the above paragraph shows that the basis used in the implementation of Bank Muamalat CSR is to put forward mutual help in the good of each other. This creates positive feedback for the company.

3) *QS Al-An'am verse 160:*

مَنْ جَاءَ بِالْحَسَنَةِ فَلَهُ عَشْرُ أَمْثَلِهَا وَمَنْ جَاءَ بِالسَّيِّئَةِ فَلَا يُجْزَى إِلَّا مِثْلَهَا وَهُمْ لَا يُظْلَمُونَ ١٦٠

*"Whoever brings good deeds, he (rewarded) ten times his deeds; and whoever brings evil deeds, he is not rewarded but balanced with his evil, while they are not persecuted in the slightest."*

As for the basis of this letter used by Bank Muamalat as one of the foundations in the implementation of CSR as a form of hope from the company, from what they have done will get more replies from Allah SWT.

4) *QS Al-Balad verses 12-16:*

وَمَا أَدْرَاكَ مَا الْعُقْبَةُ ١٢ فَكُ رَقَبَةٌ ١٣ أَوْ إِطْعَمٌ فِي يَوْمِ ذِي مَسْعَبَةَ ١٤ يَتَّبِعُهَا دَا مَقْرَبَةً ١٥ أَوْ مِسْكِينًا دَا مَتْرَبَةً ١٦

*"Do you know what the road that climbs again is difficult? 13. (i.e.) released slaves from slavery, 14. or feed on the day of famine, 15. (to) orphans who have relative relationships, 16. Or to the poor."*

The Prophet's hadith on kindness, donation and help eliminated the difficulties of fellow human beings spread in several hadiths such as Hadith of Bukhari Muslim History, and Muttafaq'alah.

- From Abu Hurayrah ra, the Prophet said: "Whoever releases one distress of a believer, Allah will surely deliver from him one tribulation on the Day of Resurrection. Whoever makes it easy for others, Allah will make it easy for him in this world and in the Hereafter. Whoever covers the disgrace of a Muslim, Allah will surely cover his disgrace in this world and in the Hereafter. God has helped his servant as long as he likes to help his brother." (Muslim, see also the 36th Hadith Collection of Arba'in an Nawawi).
- "Indeed, among the deeds and good deeds that will follow a believer after his death are, the knowledge he spread, the son he left behind, the mushhaf he inherited, the mosque he founded, the house he founded for ibns sabil, the river he poured, or the alms that was removed from his property while healthy and alive; Everyone will follow him after his death." (HR. Ibn Majah)

The hadith above describes various forms of alms jariyah / waqf that can flow the reward continuously, even though the person in charge has died.

### III. CONCLUSION

Activities or at the level of implementation are basically in accordance with the provisions of corporate social responsibility. In the implementation of this CSR activity has been adjusted to the provisions of the legislation, when reviewed from the aspect of mursalah masalah as the basis for the imposition or implementation of the majority has been in accordance with the method.

As for the implementation of corporate Social Responsibility activities carried out by companies that apply sharia principles in its delivery is Islamic banking, basically every company that carries out sharia principles has carried out social activities based on sharia principles and in accordance with Islamic rules. This is evident from the activities carried out by the company that reflect Islamic activities. The activities carried out consist of religious, social, health and environmental activities.

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