

Implementation of Corporate Social Responsibility (CSR) On Islamic Banking: Maqāṣid Syariah's Approach

Nurizal Ismail, Ahmad Muqorobin

Department of Islamic Economic Law
University of Darussalam (UNIDA) Gontor
rizal.tazkia@yahoo.com, muqorobin82@unida.gontor.ac.id

Abstract

Islamic banking as corporate is also subjected to the responsible of Corporate social responsibility (CSR). Moreover, Islamic Banking is different from Conventional bank in its worldview, operation and principle. It will impact to CSR operation in Islamic banking. CSR of Islamic Banking must constitute to its objective that should realize the just and welfare in ummah's life. It came into existence as a collective religious obligation (fard kifāyah) on the larger community (Ummah) as a financial intermediary for individuals in the community wishing to comply with Islamic law (Syari'ah). This study aims to discuss the role of maqāṣid Syari'ah, and to propose it into the applied of CSR on Islamic banking. Implementation of corporate social responsibility (CSR) is very important in Islamic banks because it is used as important measurements to assess a successful company in its operation. CSR in Islamic bank should be different with the Conventional one from its worldview, system and standard of operational. The concept of CSR in Islam is not new, it is deeply mentioned and explained in sources of Islam. Maqāṣid Syari'ah is used to see the maslahat (benefit) and to make decision in all aspect of human life. In maslahat's perspective, CSR of Islamic bank is to promote the justice and welfare and to avoid the disruption and chaos.

Keyword: Corporate social responsibility (CSR), Islamic Bank, Maqāṣid Syari'ah.

Abstrak

Sebagai sebuah institusi, perbankan syariah memiliki bertanggung jawab sosial atas perusahaan (CSR). Selain itu, perbankan Islam berbeda dengan bank konvensional dalam cara pandang/pola pikir, operasi dan prinsip. Hal ini akan mempengaruhi operasi CSR dalam perbankan Islam. CSR perbankan Islam harus menyadari bahwa tujuan utamanya hanya untuk kesejahteraan dalam kehidupan umat. Hal ini berasal dari peraturan Agama sebagai kewajiban (fard kifayah) atas keberadaan masyarakat yang sangat besar (ummat Islam) sebagai perantara keuangan individu dalam masyarakat yang sesuai dengan hukum Islam (Syariah). Penelitian ini bertujuan untuk membahas tujuan dari Maqāṣid Syari'ah, dan mengusulkan untuk diterapkan di dalam CSR pada perbankan Syariah. Pelaksanaan tanggung jawab sosial perusahaan (CSR) sangat penting di Bank Syariah karena digunakan sebagai tolak ukur untuk menilai perusahaan yang sukses dalam beroperasi. CSR di bank Islam harus berbeda dengan konvensional salah satunya adalah dari pandangan, sistem dan standar operasional. Konsep CSR dalam Islam bukanlah suatu hal yang baru, sering disebutkan dan dijelaskan dalam sumber-sumber Islam. Maqāṣid Syari'ah digunakan untuk urusan maslahat (manfaat) dan untuk membuat keputusan dalam semua aspek kehidupan manusia. Dalam perspektif maslahat, CSR dalam bank syariah adalah untuk menegakkan keadilan dan kesejahteraan dan menghindari gangguan dan kekacauan.

Kata Kunci: *Corporate social responsibility (CSR), Islamic Bank, Maqāṣid Syari'ah.*

Introduction

Corporate social responsibility (CSR) is a corporate commitment to participate in sustainable economic development in order to improve the quality of life and environment that will benefit for all stakeholders. CSR became popular globally as one of important measurements to assess a successful company in its operation. Hence, CSR issues are not a new topic in economics and business. Milton Friedman (1970) examined that the only responsibility of business is to maximize profits, while goods or curtailment of bad (externalities) based on public preferences or social objectives should be provided by governments endowed.¹ His thought gives the new idea of CSR concerning with the economics that may actually be a necessary part of strategy for a profit maximizing firm. This idea has been

¹ Milton Friedman, The Social Responsibility of Business is to Increase Its Profit, *The New York Times* September 13, 1970, 32-33.

justified by the firms or companies to participate in CSR along with maximizing the profit. Indeed, this argument reflects the prevailing worldview of neoclassical economics, which focuses on the self-interested economic man and is derived from Secular's views.

Islamic banking as corporate is also subjected to the responsible of CSR. Moreover, Islamic Banking is different from Conventional bank in its worldview, operation and principle. It will impact to CSR operation in Islamic banking. CSR of Islamic Banking must constitute to its objective that should realize the just and welfare in *ummah's* life. It came into existence as a collective religious obligation (*fard kifāyah*) on the larger community (*Ummah*) as a financial intermediary for individuals in the community wishing to comply with Islamic law (*Syari'ah*).² In addition, the application of CSR in Islamic Banking should follow also the government regulation in every country. For instance, the government of Indonesia has been issued; Act No. 40 in 2007 article 74 refers to the obligation of corporations on corporate social responsibility and society. The implication is the information and discourses on CSR have been significantly growing in Indonesia. Then, the application of CSR in Islamic Banking should be understood as intermediary institution that is not only maximizing the profit but also realizing CSR with conformity to Islamic values.

This study aims to discuss the role of *maqāṣid Syarī'ah*, and to propose it into the applied of CSR on Islamic banking. *Maqāṣid Syarī'ah* is a goal that should be achieved by human on earth that can be implemented in all aspect of human life. It is related to the CSR that has goal to give benefit for all society, which is conformity to the Shari'ah. Therefore, the purpose of this paper is to propose a better framework of implementing CSR in Islamic banking based on *maqāṣid Syarī'ah's* approach. The study relies on secondary data which can be through library research methodology.

² Sayd Farook, On Corporate Social Responsibility of Islamic Financial Institution, *Islamic Economic Studies*, Vol. 15, No. 1, 2007, 34.

Corporate Social Responsibility: Definition, Concept and Islamic Banking

Definition and Concept

CSR is defined as denoting corporate activities beyond making profits, such as protecting the environment, caring for employees, being ethical in trading, and getting involved in the local community. Some of its main issues are promoting human rights, community involvement, human resource management, socially responsible investing, and social reporting.³ The European Commission (2002), defines corporate social responsibility as “a concept whereby companies integrate social and environmental concerns in their business operation and in their interaction with their stakeholder on voluntary basis”.⁴ By these explanations can be understood that CSR is focusing on social responsible of corporate to stakeholder such as protecting environment and educating people. In other words, CSR construct holds that business and society are equal partners, each enjoying a set of rights and reciprocal responsibilities.⁵ Carrol defines more clearly that CSR is embodied responsible of economic, legal, ethic and philanthropy.⁶

CSR emphasizes to correlate the business, legal, social and ethical entities. Therefore, according to Mohammed (2007), there six majors' ethical models that now dominate ethical thinking leading to the concept of corporate social responsibility, they are Relativism, Utilitarianism, Universalism, Right, Distributive Justice and Eternal law.⁷ Ethical decision of Relativism is based on self-interest, Utilitarianism is based on calculating cost and benefit, Universalism is based on intension of action, Right is based on individual right, Distributive Justice is based on justice and Eternal law is based on eternal law which is revealed in the scripture.⁸

³ CSR Europe, *European Postal Services and Social Responsibilities* (Brussels: Corporate Citizenship Company and CSR Europe, n.d.), 48.

⁴ Commission of the European Communities, *Communication from the Commission Concerning Corporate Social Responsibility: A Business Contribution to Sustainable Development*, 1 July 2002, 347, 5.

⁵ Asyraf Wajdi Dusuki & Nurdianawati Irwani Abdullah, *Maqasid al-Shari'ah, Maslahah and Social Corporate Social Responsibility*, *The American Journal of Islamic Social Sciences* 24:1, 28.

⁶ A. Carrol, *Corporate Social Responsibility: Evolution of Definition Construct*, *Business and Society*, 38 (3), 1999, 268.

⁷ Jawad Akhtar Mohammed, *Corporate Social Responsibility in Islam*, 31.

⁸ *Ibid.*

Moreover, Islam’s concept of CSR encompasses a broader meaning than Conventional, which begins in the human’s responsibility of life. The human as servant and vicegerent of Allah has two responsibilities, worshiping Allah and establishing welfare on earth. The first task constitutes to faith that all individuals should follow the commandment and prohibition of Allah. The second task constitutes to social activities of human life. It is supported by Farook (2007) that there are three major foundational principles for ICSR are viceregency of mankind on earth, divine accountability and the duty on mankind to enjoin good and forbid evil.⁹ Hence, all tasks must be carried out simultaneously in order to obtain *falāh* (balance of success; *dunyā* and *akhīrat*). Many verses of Qur’an mention the importance of *falāh* such as in Surah al-Qasas 77:

“But seek, through that which Allah has given you, the home of the Hereafter; and [yet], do not forget your share of the world. And do good as Allah has done good to you. And desire not corruption in the land. Indeed, Allah does not like corrupters.” In Surah al-Baqarah 210:” But among them is he who says, “Our Lord, give us in this world [that which is] good and in the Hereafter [that which is] good and protect us from the punishment of the Fire.”

In Islamic business ethic, the core of business is not only for making profit or earning but also for making social responsibility based on Shari’ah principles. The Shari’ah principles should be followed in the business field that reflects features of social responsibility can be summarized in table 2:

Table 2: Islamic Tenets of Business Transaction

<i>Halal Business Transactions</i>	<i>Haram Business Transactions</i>
Keenness to earn Legitimate (<i>Halāl</i>) Earnings	Interest (<i>Ribā</i>)
Trade through Mutual Consent	Dealing in Prohibited (<i>Harām</i>) Items
Truthfulness	Sale of <i>Al-(Gharār)</i> (Uncertainty, Risk and Speculation
Generosity and Leniency	Arbitrarily Fixing the Prices
Trustworthiness	Hoarding of Foodstuff
Honouring and Fulfilling Obligation (<i>‘Uqud</i>)	Exploitation of one's Ignorance of Market Condition
Fair Treatment of Workers	Cheating and Fraud

Source: Jawad Akhtar Mohammed, Corporate Social Responsibility in Islam (2007)

Interestingly, earlier Muslim thinker had emphasized the importance of social responsibility in the human life. For instance, In *Sina's* idea of managing the wealth consists of social responsibility. He divides managing the wealth into two ways: (1) seeking or earning the wealth (*kasb*) which is associated in economic term as income and (2) using or spending the wealth earned (*infāq*) which is associated in economic term as expenditure.¹⁰ This concept of managing the wealth discusses on individual and social responsibility of economic in human life. The *kasb* is individual responsibility in order to sustain in this world, while the *infāq* is social responsibility that can be divided into three categories¹¹:

1. *Infāq* (expenditure) for man himself and his relatives without stinginess, negligence and extravagance. It is called *infāq ijtimā'i* or *'ām*.
2. *Infāq* (expenditure) for the doors of virtue (*abwāb al-ma'rūf*), *shodaqoh*, and *zakāt*. It is called *infāq dīni* or *khās*.
3. *Al-iddikhār* (saving) for forecasting of events taking place in the future and for disasters time and other accidents.

Furthermore, *Al-Shaybani* classifies *al-Kasb* into three levels: 1) *Fard* al-'Ayn, 2) *Mandūb* and 3) *Mubah*.¹² His concept of *kasb* is also related to the concept of corporate social responsibility. First level of *al-Kasb*, *al-Shaybani* includes the basic needs (for one's self, his family members and his parents), settling debt and savings. Second level of *al-Kasb*, *al-Shaybani* includes the basic needs of his near relatives, has some provisions to honor his guests and assist friends in need. Third level of *al-Kasb*, *al-Syaybani* includes religious obligation such *zakat* and *haj*.¹³ Then it is clear that Islam has discussed and given detail concept of CSR than Western or Secular point of view.

⁹ Sayd Farook, On Corporate Social Responsibility of Islamic Financial Institution, 33.

¹⁰ Ibn Sina, *Kitab al-Siyāsah*. ed. Louis Ma'luf, in Louis Cheikho et. al *Maqālat Falsafiyah Qadimah li Ba'di Masyāhīrih Fālāsifah al-arab Muslimin wa Nasara*, Beirut: *al-Matba' al-Kātsūlikiyyah lil Abāi al-yasū'iyin*, 1911, 9-10.

¹¹ Ibid, 5.

¹² Mustafa Omar Mohammed, *Infāq Model Based on al-Shaybani's Levels of al-Kasb*, International Conference on Islamic Economics and the Economies of OIC Countries, Istana Hotel, 29 April 2009, 9.

¹³ Mustafa Omar Mohammed, *Infāq Model Based on al-Shaybani's Levels of al-Kasb*, 9-11.

CSR and Islamic Banking

According to Mohammed (2007), corporate social responsibility and governance are becoming interesting features in Islamic Banking since presence of equity participation, risk and profit and loss sharing arrangement form the basis Islamic financing.¹⁴ Farook and Lanis (2005) conclude in their survey that Islamic banks may not be fulfilling their social role in accordance with the prescriptions of Islam because they disclose less CSR information than expected.¹⁵ For instances, each Islamic bank in Indonesia has different policy in implementing the concept of corporate social responsibility.¹⁶ To Naila (2007), policy of leader affects type of implementing CSR in Islamic bank.¹⁷

To Mohammed (2007), though Islamic bank is socially responsible in adherence to *Syari'ah* principles, were not aware of a systematic framework of CSR in Islam.¹⁸ Therefore, Farook (2007) attempt to give basis principles of CSR in Islam that content of the viceregency of mankind on earth, divine accountability and the duty on mankind to enjoin good and forbid evil.¹⁹ So, it is needed to explain meaning and concept of CSR from Islamic perspective to give more understanding theoretically and practically in Islamic banking. Islamic bank as intermediary institution is not only for profit oriented but also for social oriented that has been stated and confirmed in Islamic principles, which cover *'aqīdah* (creed), *syari'ah* (rule of conduct) and *akhlāq* (morality and ethic). It is needed standardization for implementing CSR in Islamic bank derived from Islamic worldview.

¹⁴ Jawad Akhtar Mohammed, *Corporate Social Responsibility in Islam*, 156.

¹⁵ Sayd Farook & Roman Lanis, *Banking on Islam? Determinant of Corporate Social Responsibility Disclosure*, 6th International Conference Islamic Economics and Finance, Vol. Jakarta, 2005.

¹⁶ Soraya Fitria & Dwi Hartanti, *Islam dan Tantangan Jawab Sosial: Studi Perbandingan Pengungkapan Berdasarkan Global Reporting Initiative Indeks dan Islamic Social Reporting Indeks*, Simposium Nasional Akuntansi XIII Purwekerto, 2010, 15.

¹⁷ Naila Tazkiyah, *Analisis Pengungkapan Tanggung Jawab Sosial Bank Umum Syariah di Indonesia*, Depok: Thesis (unpublished), Indonesia University, 2007

¹⁸ Jawad Akhtar Mohammed, *Corporate Social Responsibility in Islam*, 187.

¹⁹ Sayd Farook, *On Corporate Social Responsibility of Islamic Financial Institution*, 33.

Maqashid Shari'ah

Maqāshid Syari'ah or *maqāshid al-Syari'ah* or *al-maqāshid al-Syar'iyyah* can be understood into two ways; by seeing its compound words (*Murakkab al-Idāfi*) and knowledge. *Murakkab al-Idāfi* contents of *maqṣod* and *sharia* word. Etymologically, *al-maqṣad* is rooted from *qaṣada-yaqṣidu-maqṣidan* which means a straight path (*tharīqul Mustaqīm*), middle (*wasth*) and justice (*'adl*). Hence, some verses of the Qur'an give some meaning of *maqāshid Syari'ah*:

واقصد في مشيك²⁰ ومنهم مقتصد²¹ وعلي الله قصد السبيل²²

In addition, some Hadists mention the meaning of *maqāshid Syari'ah*:

القصد القصد تبلغوا²³: عليكم بالتوسط في الأمور في القول والفعل والقصد في الشيء: خلاف الإفراط²⁴

terminologically, *al-maqṣād* is desired objective for achieving justice. Literary, *syari'ah* means the path to the watering place, the clear path to be followed and the path which the believer has to tread in order to obtain guidance in this world and deliverance in the next.²⁵ Shari'ah refers to commands, prohibitions, guidance and principles that God has addressed to mankind pertaining to their conduct in this world and salvation in the next.²⁶ By these explanations it can be defined that the meaning of *maqāshid Syari'ah* is objectives and wisdoms that are stated by Shari' on His laws for the purpose of human benefit.²⁷ According Raysuni (1995), *maqāshid syari'ah* refers to the desired objectives of the *syari'ah* in determining the law (*hukūm*) aimed at protecting human *maslahah*.²⁸

²⁰ Al-Qur'an, Surah Lukman: 19.

²¹ Al Qur'an, Surah Fathir: 23.

²² Al Qur'an, Surah al-Nahl: 9.

²³ Bukhari, *Fahtul Baru li Ibn Hajar al-asyqalani*, Riyadh: Darussalam, 1997, 182.

²⁴ Ibn al-Atsir, *al-Nihayah fi Gharib al-Hadits wal Atsar*, Beirut: Darul Ma'rifa, 2001, 458.

²⁵ Mohammad Hashim Kamali, *Shari'ah Law: An Introduction*, England: Oneworld Oxford, 2008, 14.

²⁶ *Ibid*, 14.

²⁷ Zaharuddin Abdul Rahman, *Maqashid al-Buyu' wa Thuruqu Itsbatih fil Fiqh al-Islami*, Amman: Darul al-Nafais, 2011, 29.

²⁸ Ahmad Raysuni, *Nadhoriyyat al-Maqāshid 'inda Imam al-Syatibi*, Beirut: IIIT, 1995, 7.

Consequently, from the side of knowledge, it can be traced in notions and thought of the earlier Muslim thinkers such as Imam al-Harmayn, Imam Ghazali, Imam Syatibi and Ibn 'Ashur. Imam al-Harmayn and Imam Ghazali has not provided a detailed definition of *maqāṣid syari'ah* because in their time the study of *maqāṣid Syari'ah* was still in the discussion of the *'ilm fiqh*, but it is firstly defined in the time of Ibn Ashur. Ibn Ashur defines *maqāṣid al'amm li al-Syari'ah* as the goals (*al-Ma'āni*) and wisdoms (*al-hikam*) are desired by God (Shari') in the whole of the law (constitution) or most of it, which is not devoted attention to only in the specific of Islamic laws.²⁹ Indirectly, his definition is actually has the same meaning what Imam Syatibi explains in his *kitab al-muwafaqāt*: "Shari'ah acts are not a goal in itself, but there are problems (*umūrun*) who intends it (Syari'ah) that is their goals (*ma'āniha*).³⁰ It is clear that Imam Syatibi has not explained *maqāṣid Syari'ah* in the form of definitions, but his concept has the same essence with the definition of Ibn 'Ashur.

In addition, Al-Fasi (2001) defines *maqāṣid al'amm li al-Syari'a al-Islamiyyah* with prospering, maintenance of the rule of life, sustainability of better improvement in the earth by improving human condition and its implementation in it that has been charged him to be just (*'adl*) and *istiḳāmah* as well as improving reason, work and prospering the earth for his good life and benefit of all.³¹ He also defines *maqāṣid Syari'ah* as its goals and the hidden meanings which the Lawgiver has assigned to each of its rules.³² Most Muslim thinkers define as promoting benefits (*jalb al-maṣalih*) and preventing harms (*al-mafāsīd*). *Maṣlahat* is described as benefits, truth and goodness, while *mafsadah* is linked to hazard (*mudharat*), crime and guilt.³³ It is further clarified by Imam al-Ghazali that *maqāṣid al-khamsah* for man is preserving his faith, self, intellect, posterity and wealth. Everything related to *maqāṣid al-khamsah* is considered as *maṣlāhat*, while everything related to avoiding *maqāṣid al-khamsah* is considered as *mafsadah*.³⁴

²⁹ *Ibid*, 18.

³⁰ *Ibid*, 62.

³¹ Muhammad Thahir al-Masawi, *Maqashid al-Syariah al-Islamiyyah: al-Syeck Muhammad Thahir Ibn 'Asyur*, Amman: Darul al-Nafais, 2001, 148.

³² Ahmad Raysuni, *Nadhoriyyat al-Maqashid 'inda Imam al-Syatibi*, 6.

³³ Rafiq Yunus Misri, *Fiqh al-Muamalah al-Maliyah*, Dimaskus: Darul Qalam, 2005, 11.

³⁴ Abu Hamid Al-Ghazali, *Al-Musthafa*, Beirut: Darul al-Shadir, 1993, 248.

Furthermore, it is related to discussion of *ḍaruriyyah*, *hajjiyāt* and *taḥsīniyyāh*. These categories will be explained in detail below:

Ḍaruriyyāt: are defined as those on which the lives of the people depend, and their neglect leads to total disruption and chaos.³⁵ So the people essentially depend, such as faith, life, intellect, posterity, and wealth. It is essential for the community both collectively and individually. The social order of the community will not function properly if there is any defect in these benefits (*maṣālih*).³⁶ This is the responsible of people either individual or group to realize the essential interest to attain benefit (*maṣlahāt*) in all aspects of human life.

Hājiyāt: according to Zahra (2005), is everything that Shari'ah rule does not intend to prevent *maqāṣid al-khamsah*, but intend to eliminate hardship (*masyaqat*). The people, who neglect this category, will lead to hardship but not to total disruption of normal life. An example is seen in the form of Islamic transactions, which are needed by human such as *muzara'ah*, *istisnah*, *salam* and *ijarah*.

Tahsīniyyāt: the embellishments refer to interest who realization leads to improvement and the attainment of that which is desirable such as cleanliness, avoiding extravagance and forecasting profit in business.

Corporate Social Responsibility of Islamic Bank based on Maqasid Shariah

Main funds of CSR activities in Islamic banks are from fund of virtue (*Qarḍul ḥasan*), fund of zakah and profit of corporate. In previous explanation it can be concluded that *maqāṣid Syari'ah* should always integrate in operational of Islamic bank in order to achieve the happiness and welfare in the world and the hereafter. Islamic banks as institutions of financial intermediary bridge flow of fund those who have more funds and fewer funds. This responsibility has two main activities; profit and social oriented of Islamic bank, which is mostly related to the concept of CSR.

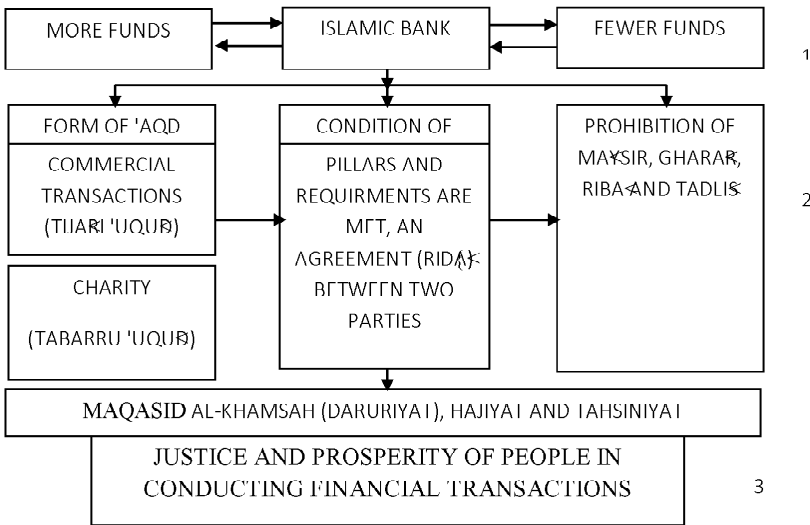
In *maqāṣid Syari'ah* the main concept of CSR explains that the corporate should have the responsibility to give benefit and

³⁵ Mohammad Hashim Kamali, *Syari'ah Law: An Introduction*, 33.

³⁶ Muhammad Thahir al-Masawi, *Ibn Ashur: Treatise on Maqāṣid al-Syari'ah*, London: IIIT, 2006, 118.

avoid harm things that related to economic, ethic and philanthropy to the stakeholders. *Maqāṣid ‘amm* (common goal) is providing justice and prosperity of people in conducting financial transactions, which must go through levels of *maslahat* (*dharuriyat*, *hajiyyat* and *tahsiniyat*). Furthermore, *wasilah* (medium) is needed in order to achieve to objective of Islamic bank by presenting forms, conditions and restrictions of financial transactions. See figure 4.1.

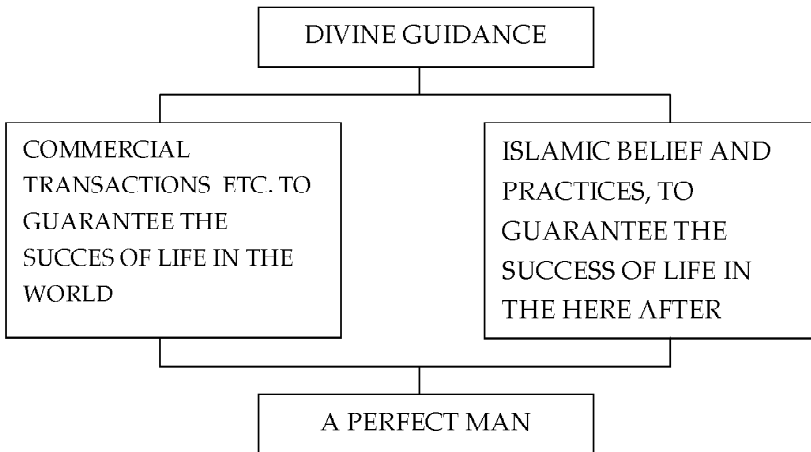
Table 4.1: Corporate Social Responsibility of Islamic Bank



From the figure above shows that the line 1 describes functions of Islamic bank that contain of individuals who work for their benefit and others by facilitating Islamic financial transactions from people who have more funds to fewer funds. It should be noted that human either individually or collectively has tendency to survive and satisfy his necessities of life that leads him to make some economic activities. Therefore, according to El-Ghazali (1994): "Man is the driving force of economic activity and is definitely the living creature responsible for the level of economic performance".³⁷ So in this part, those people who work in Islamic banks have two responsibilities; religious and social aspects, which

³⁷Abdel Hamid El-Ghazali, *Man is the Basis of the Islamic Strategy for Economic Development*, IRTI: Jeddah, 1994, 41.

should be run together in system and operational of Islamic bank. Therefore, CSR is a moral and religious initiative based on the belief that a corporation should be “good” despite the financial consequences.³⁸ In other words, the key towards *falāh* is the belief (*imān*) which must be followed by the performance of good deeds, which includes one’s involvement in commercial transactions and contracts.³⁹



Source: Mohd. Ma’sum Billah

Line 2 explains *wasīlah* (medium) of Islamic banking. This part is very important because of part of system and operational of CSR in Islamic bank. Line 3 explains that *maqāṣid al-khamsah* must be done properly before reaching *maqāṣid al-amm* of Islamic banking. In Islam the concept of justice is clear that brings about a balance between individuals’ rights and their duties and responsibilities toward others, and between self-interest and altruism.⁴⁰

There two foundations of implementing CSR’s policy that relies on *maṣlahāt*. First, positive side explains that CSR activities are to maintain matters that assure the establishing of *maṣlahāt*.

³⁸ Asyraf Wajdi Dusuki & Nurdianawati Irwani Abdullah, *Maqāṣid al-Syari’ah, Maslahah and Social Corporate Social Responsibility*, 34.

³⁹ Mohd. Ma’sum Billah, *Shari’ah Standard of Business Contract*, Kuala Lumpur: A.S Noordeen, 2006, 49.

⁴⁰ Asyraf Wajdi Dusuki & Nurdianawati Irwani Abdullah, *Maqāṣid al-Syari’ah, Maslahah and Social Corporate Social Responsibility*, 34.

Second, negative side explains that to preserve and deny *mafsadāt* happened or will happen in Islamic bank. This *maṣlahāt* will facilitate management of Islamic bank to choose and determine the program of CSR for human well-being of others (e.g., consumers, employees, shareholders, and local communities). So levels of *maṣlahāt* (*ḍarūriyyāh*, *hājjiyāt* and *tahsīniyyāh*) are assisting the decision making process of determining CSR programs’.

On the first level (the essentials), managers of Islamic bank are expected to preserve and protect their stakeholders’ essential needs in *maqāṣid al-khamsah*. The essential needs for is priority given for employee before giving to consumer and local communities. This essential program conducted by Islamic bank can be seen in table 4.2:

Table 4.2: The Essential Program of CSR in Islamic Bank

<i>Dharuriyat</i> (Essential)	Programs
Faith (<i>Al-Dīn</i>)	<ul style="list-style-type: none"> • Providing facilitation of <i>ibādah</i> (worship) • Providing adequate time of <i>ibādah</i> • Providing the rule of corporate based on Islamic values
Life (<i>Al-Nafs</i>)	<ul style="list-style-type: none"> • Protecting the employee's safety and health in the work place • Health Insurance for employee's family
Posterity (<i>Al-Nasl</i>)	<ul style="list-style-type: none"> • Married aid for employees who are not married • Subsidy of purchasing employee's house
Intellect (<i>Al-'Aql</i>)	<ul style="list-style-type: none"> • Educational aid for employee's family
Wealth (<i>Al-Mal</i>)	<ul style="list-style-type: none"> • Just wage for employees • Pension

By the table can be summarized that essential (*ḍaruriyāt*) is the first priority program should be conducted before moving to other programs is concerning to preserving the faith as mentioned in table above. These five parameters are important to be implemented by the Islamic bank in order to promote justice and welfare and to avoid total disruption and chaos that may happen. These programs can be done if all individuals in Islamic banks give their best performance to increase profit based on Islamic transactions and contracts. So, the commercial, social and ethical activities should include in one involvement in realizing *falah*. However, as soon as this level’s responsibilities have been fulfilled, Islamic bank may strive for the second level: the complementary.

At complementary (*hājiyāt*) level, Islamic bank can make CSR program such as training and enhanced human quality programs, scholarship program to improve employee's level of knowledge and providing shari'ah training for employees concerning the offered Islamic financial instruments in order to protect the interests of the faith.

At the last level is the embellishment (*tahsīniyāt*), Islamic bank are charged to their social responsibilities by engaging in the programs that may lead to improving and attaining the perfections of public life. Giving charity for facilitation of *ibādah* in the society, donating for public health such as free treatment for poor and needy people, protecting environment of society, offering scholarship for poor and needy students and Improving of educational facilities in the local communities, are some of the examples of CSR commitment with respect to realizing this level's goal for society.

Conclusion

Implementation of corporate social responsibility (CSR) is very important in Islamic banks because it is used as important measurements to assess a successful company in its operation. CSR in Islamic bank should be different with the Conventional one from its worldview, system and standard of operational. The concept of CSR in Islam is not new, it is deeply mentioned and explained in sources of Islam. Furthermore, Islam's concept of CSR begins with the concept of vicegerency (*khalīfah*). The human as servant and vicegerent of Allah has two responsibilities, worshiping Allah and establishing welfare on earth. Worshiping Allah is related to aspect of religion, while establishing welfare is related to social interactions between one man to another such as in economic, politic and philanthropy activities. In economic activities, *falāh* can be achieved by belief (*imān*) which must be followed by the performance of good deeds, which includes one's involvement in commercial transactions and contracts. So, those people who work in Islamic banks have two responsibilities; religious and social aspects, which should be run together in system and operational of Islamic bank.

Furthermore, In Islamic business ethic, the core of business is not only for making profit or earning but also for making social responsibility based on *Syari'ah* principles. *Syari'ah* refers to commands, prohibitions, guidance and principles that God has

addressed to mankind pertaining to their conduct in this world and salvation in the next. In Islamic transaction, Islamic bank should present forms, conditions and restrictions of financial transactions in order to achieve its objective. By these explanations can be concluded that *maqāṣid Syari'ah* and *Syari'ah* should always integrate in operational of Islamic bank in order to achieve happiness and welfare in the world and the hereafter. *Maqāṣid Syari'ah* is used to see the *māṣlahat* (benefit) and to make decision in all aspect of human life. In *māṣlahat's* perspective, CSR of Islamic bank is to promote the justice and welfare and to avoid the disruption and chaos.

There are three level of *māṣlahat* can be used as parameter to assist decision making process of determining program of CSR, they are *darūriyyāh*, *hājjiyāt* and *tahsīniyyāh*. *Darūriyyāt* (essential) should be come first when manager of Islamic bank decide the program of CSR, which contains of five parameter; faith, life, intellect, posterity, and wealth. When essential level's responsibilities have been fulfilled, Islamic bank may strive for the second level: the complementary. It is regarded as benefit to eliminate the hardship that may not cause disruption in normal life. So, the program of CSR should be made to facilitate employee's life that may relate to parameter faith, life, intellect, posterity, and wealth. Lastly, the embellishment (*tahsīniyyāt*), Islamic bank are charged to their social responsibilities by engaging in the programs that may lead to improving and attaining the perfections of public life. As a result, in-depth understanding of Islam: *'aqīdah* (creed), *syari'ah* (rule of conduct) and *akhlāq* (morality and ethic) and *maqāṣid Syari'ah* may also benefit for the Islamic bank, particularly on how to practice CSR more effectively and efficiently for the purpose of attaining *falah* (success in the world and the hereafter).

Bibliography

Al-Qur'an al-Karim

Al-Asyqalani, Ibn Hajar. (1997). *Fahtul Bari*. Riyadh: Darussalam.

Al-Atsir, Ibn. (2001). *Al-Nihayah fi Gharib al-Hadits wal Atsar*. Beirut: Darul Ma'rifah.

Al-Ghazali. (1993). *Al-Musthafa*. Beirut: Darul al-Shadir.

Abdul Rahman, Zaharuddin. (2011). *Maqāṣid al-Buyu' wa Thuruqu Itsbatihā fil Fiqh al-Islami*. Amman: Darul al-Nafais.

- Billah, Mohd. Ma'sum. (2006). *Shari'ah Standard of Business Contract*. Kuala Lumpur: A.S Noordeen.
- Carrol, A. (1999). Corporate Social Responsibility: Evolution of Definition Construct, *Business and Society*, 38 (3), pp. 268–295.
- CSR Europe. (n.d). *European Postal Services and Social Responsibilities* (Brussels: Corporate Citizenship Company and CSR Europe.
- Commission of the European Communities. (1 July 2002). *Communication from the Commission Concerning Corporate Social Responsibility: A Business Contribution to Sustainable Development*.
- Dusuki, Asyraf Wajdi & Abdullah, Nurdianawati Irwani. Maqāsid al-Shari'ah, Maslahah and Social Corporate Social Responsibility, *The American Journal of Islamic Social Sciences* 24 (1), pp. 25-45.
- El-Ghazali, Abdel Hamid. (1994). *Man is the Basis of the Islamic Strategy for Economic Development*. IRTI: Jeddah.
- Farook, Syad. (2007). On Corporate Social Responsibility of Islamic Financial Institution, *Islamic Economic Studies*, Vol. 15 (1), pp. 31-46.
- Farook, Syad & Lanis, Sayd. (2005). *Banking on Islam? Determinant of Corporate Social Responsibility Disclosure*. 6th International Conference Islamic Economics and Finance. Vol, Jakarta.
- Fitria, Soraya & Hartanti, Dwi, (2010). *Islam dan Tantangan Jawab Sosial: Studi Perbandingan Pengungkapan Berdasarkan Global Reporting Initiative Indeks dan Islamic Social Reporting Indeks*. Simposium Nasional Akuntansi XIII Purwokerto.
- Friedman, Milton. (1970). The Social Responsibility of Business is to Increase Its Profit, *The New York Times September 13*, pp. 32-33.
- Hashim Kamali, Mohammad. (2008). *Shariah Law an Introductory*. England: Oneworld Publication.
- Mohammed, Jawad Akhtar. (2007). *Corporate Social Responsibility in Islam*. (P.hd Thesis, unpublished). Faculty of Business: New Zealand.
- Mustafa, O.M. (2009). *Infāq Model Based on al-Shaybani's Levels of al-Kasb*. Internatioanl Conference on Islamic Economics and the Economies of OIC Countries (IICIEEO2009). Istana Hotel.

- Raysuni, Ahmad. (1995). *Nadhariyyat al-Maqāṣid 'inda al-Imam Syatibi*. Beirut: al-Ma'had al-'ali lil Fiqri al-Islami.
- Sinâ, Ibn. (1911). *Kitab al-Siyāsah*. ed. Louis Ma'luf, in Louis Cheikho et. al, *Maqālat Falsafiyyah Qadimah li Ba'di Masyāhīrih Fālāsifah al-'arab Muslimin wa Nasara*, Beirut: *al-Matba' al-Kātsūlikiyyah lil Abāi al-yasū'iiyin*.
- Tazkiyah, Naila. (2007). *Analisis Pengungkapan Tanggung Jawab Sosial Bank Umum Syariah di Indonesia*. Depok: Thesis (unpublished), Indonesia Universitas.
- Thahir al-Masawi, Muhammad. (2001). *Maqāṣid al-Syariah al-Islamiyyah: al-Syeck Muhammad Thahir Ibn 'Asyur*. Amman: Darul al-Nafais.
- Thahir al-Masawi, Muhammad. (2006). *Ibn Ashur: Treatise on Maqāṣid al-Syari'ah*. London: IIIT.
- Yunus Misri, Rafiq. (2005). *Fiqh al-Muamalah al-Maliyah*. Dimaskus: Darul Qalam.