

IMPLEMENTATION OF CSR IN INDONESIA ISLAMIC BANKING AN ANALYSIS FROM MAQASHID AL-SYARIAH

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ABSTRACT

The number of sharia banking in Indonesia reaches 196 companies. In running its business activities, banks do not only prioritize profit but also carry out banking principles and objectives fully as referred to in Sharia Banking Law and the company's vision and mission. One of sharia banking's social duties and functions is to provide welfare for the community and run the company's commitment as the impact of conducting business activities through Corporate Social Responsibility (CSR) activities. In conducting CSR activities, sharia banking is not only limited to conducting banking obligations to the community but also to not ruling out activities that are in line and accordance with Islamic provisions, namely the objectives of Islamic law (maqashid al-Syariah) as company's awareness of the sustainability of company and society and the company's environment. Every sharia banking in Indonesia has used an Islamic foundation, namely maqashid al-Syariah -based activities, and following Islamic teachings. The forms of its activities are in the fields of the living environment, community development, health, and employee welfare. Though those conducted activities are based on Islamic provisions, the activities constitute company awareness or its duty to carry out the obligations of regulatory companies. The study used the juridical normative research method by focusing on the empirical aspects reported by the company in the Annual Report on Sharia Banking in 2019.

Keywords: CSR, Islamic Banking, Maqashid Al-Syariah.

INTRODUCTION

Economic growth in Indonesia from year to year is getting faster, in this case, the growth in the banking world. According to Sharia Banking Statistics issued by Financial Services Authority (OJK/Otoritas Jasa Keuangan) as of May 2020, there were 196 sharia bankings in Indonesia consisting of 14 Sharia Commercial Banks (BUS/Bank Umum Syariah), 20 Sharia Business Units (UUS/Unit Usaha Syariah), and 162 Sharia Rural Banks (BPRS/Ban Pembiayaan Rakyat Syariah) (Andrini, 2016).

Law Number 21 the Year 2008 concerning Sharia Banking explains that every business form of Sharia Banking is a Limited Liability Company (PT/Perseroan Terbatas), so the provisions regarding the forms and conditions in the formation and other activities are not only subject to sharia banking law but also comply with Law Number 40 the Year 2007 concerning

Limited Liability Companies. This law explains that every company should carry out corporate social responsibility activities (Bisson, 2018).

Sharia financial institutions, in this case, are Islamic banking, in conducting their activities, do not only prioritize profit but also establish relationships between companies and communities that will make people's lives better (Blowfield & Frynas, 2005). In Islam, principally, the business must be following the main norm, namely the prohibition of doing damage things, as Allah SWT says, which reads:

“He is the one who sends the winds ushering in His mercy. When they bear heavy clouds, we drive them to a lifeless land and then cause rain to fall, producing every type of fruit. Similarly, we will bring the dead to life, so perhaps you will be mindful”. Q.S. Al-Araf as Allah SWT says, which reads: *“Everyone turns to their direction (of prayer). To compete with one another in doing good. Wherever you are, Allah will bring you altogether (for judgment). Surely Allah is Most Capable of everything”.*

The verse above emphasizes the command to do well and compete in doing well. When it is linked in a company, it will at least carry out all kindness activities, such as social activities. This is emphasized more in Allah SWT says for those who do well, which reads: *“Those who do good will have the finest reward and (even) more. Neither gloom nor disgrace will cover their faces. It is they who will be the residents of Paradise. They will be there forever”.*

The verse above emphasizes that every good deed will get a good reward too. Likewise, when the company does good deeds, it will get good deeds too. Therefore, the good deeds in Islam will be an essential good based on Islamic provisions (Masud, 1995; Cominetti & Seele, 2016).

In conducting every activity, sharia banking must be based on Islamic provisions and law. Corporate Social Responsibility (CSR) activities conducted by sharia banking cover activities in various aspects: social, educational, economic, and environmental fields (Deegan et al., 2002). The number of conducted activities cannot be separated from the use of funds in CSR activities of sharia banking in Indonesia in 2019 amounting to 141.54 billion rupiahs, consisting of:

1. Bank Aceh amounting to Rp. 13 billion.
2. Bank NTB amounting to Rp. 7.6 billion.
3. Bank Muamalat amounting to Rp. 11.5 billion.
4. BJB Syariah amounting to Rp. 380 million.
5. BRI Syariah amounting to Rp. 3.2 billion.
6. BNI Syariah amounting to Rp. 38.2 billion.
7. BSM amounting to Rp. 61.7 billion.
8. Bank Mega Syariah amounting to Rp. 1.6 billion.
9. Bank Panin Syariah amounting to Rp. 1 billion.
10. Bank Syariah Bukopin amounting to Rp. 1 billion.
11. BCA Syariah amounting to Rp. 650 million.
12. May Bank Syariah amounting to Rp. 1.7 billion.

The activities conducted by banks are not only limited to social activities, but also environmental and educational activities. Banks that spent more on CSR activities are expected to be able to build strong relationships with their customers to help reduce financial risk and improve financial stability (Ali, 1996).

In conducting social activities, the company always shows that those activities are good and help others. In implementing business activities, besides being profit-oriented, the company

also obtains the value of worship (Ramzan et al., 2021) Islamic law provides a reflection of this in the maqashid al-Syariah including five objectives, namely religion, mind, soul, offspring, and property. One of those five things is reflected in every CSR activity conducted by the company. Based on the above where are the CSR activities undertaken by the company seen from the maqasid syariah? To answer the question, the author uses normative Juridical research method with the approach of literature review, using the data sources of laws and regulations, annual reports of Islamic banking in 2019, namely Bank Negara Indonesia (Syariah, 2019) and Bank Syariah Mandiri (BSM), in addition, the books that are associated with the maqasid of sharia and the previous studies about the maqasid syariah (BNI Sharia, 2019; Dentchev et al., 2015).

This article will be described relating to a general overview of the maqasid syariah and corporate social responsibility, and then a presentation on corporate social responsibility carried out by Islamic banking in Indonesia and to analyze the implementation of corporate social responsibility carried out by the Islamic banking with the approach of the maqasid syariah.

DISCUSSION

Maqashid Al-Syariah and Corporate Social Responsibility

In lughawi (language), maqashid al-Syariah consists of two words, namely maqashid and Syariah. Maqashid is a form of jama from maqashid which means intentional or purposeful (Hendar, 2020) Places descend into the water while Syariah means the path leading to a water source which can also be said to be the way to the main source of life (Wehr, 1980).

In the meaning of the term according to, the laws are not made for the law itself, but for other purposes, namely, benefit (Rahman, 1984) Meanwhile, according to Abu Zahra, in this connection, he emphasizes that the essential purpose of Islamic law is the benefit Nevertheless, Wael B. Hallaq says that *maqashid al-syariah* is an effort to express the emphasis on the relationship between the content of God's law and the aspirations of human law (Muhammad, 1958) Therefore, every action taken depends on a person's intention aiming at obtaining a reward from Allah SWT (Rawashdeh et al., 2017) In other words, for the Muslim community, every conducted activity is not only oriented to social values, but also religious values or worship values.

One of the Islamic law experts who put forward the doctrine of maqashid al-syariah (legal objectives) is Abu Ishaq Ibrahim bin Musa al-Satibi (W. 790/1388). He presents the doctrine of legal objectives containing an exposition of various aspects of the concept of *maslahah* as a principle of legal theory (Hendar, 2020) Al-Satibi formulates five objectives of Islamic Law, namely maintaining (1) religion; (2) soul; (3) mind; (4) offspring; and (5) property (Masud, 1995) This al-Satibi formulation of maqashid al-syariah agrees with Imam Gazali's order. This shows that the formulation of maqashid al-syariah is compatible with the essence of sharia (Masud, 1995; Hąbek & Wolniak, 2016).

Meanwhile, CSR can be interpreted as the industry's commitment to account for the impact of operations in the social, economic, and environmental dimensions, and ensure that these impacts contribute to the benefits of society and the environment. Implementing CSR

consistently in the long term will foster a sense of public acceptance toward the company's presence (Chapra, 2001; Holder-Webb et al., 2009).

CSR can be defined as the moral responsibility of a company to its stakeholders, especially communities or societies around the work area and company operations. The company's moral and ethical principles can be seen in the harmonious relationship between the company and the surrounding community, namely achieving the best results by minimizing losses for other communities (Tanudjaja, 2006) Meanwhile, according to Law Number 40 the Year 2007 concerning Limited Liability Companies in article 1 point 3, it is explained that Social and Environmental Responsibility is the company's commitment to participate in sustainable economic development to improve the beneficial quality of life and environment, for the company itself, local community, and society in general (Awan & Khuram, 2011; Lin, 2020).

Santoso (2016) in his book explains that CSR is the commitment of the business world to continue to act ethically, operate legally, and contribute to improving the economy, quality of life of employees and their families, and quality of local communities and wider society. The International Organization of Employers (IOE) defines CSR as "*initiatives by companies voluntary integrating social and environmental concerns in their business operations and their interactions with their stakeholders*" From this definition, it can be understood that CSR is an initiative of a company that is voluntary and goes beyond legal obligations to laws and regulations where its activities are conducted by involving (stakeholders).

The main motivation of any business company is to increase profits. The neoclassical economic logic states that the increase in profits and prosperity of a company will certainly increase the people's welfare because its products will be cheaper and more efficient. However, the reality is not as beautiful as the theory Many companies are not only getting richer, but also more powerful, while the poor and weak population is much more vulnerable socially, economically, politically, in health, and environmentally. The progress of companies also contributes to social inequality and gap because economic growth is not always in line with equitable welfare distribution (Sopyan, 2014; Waagstein, 2011).

To fulfill economic responsibility, a company must generate profits as a foundation to maintain and develop its existence. Economic responsibility is the most natural and primitive desire of a company as a business organization to make a profit. However, in achieving the goal of seeking profit, the company must also comply with the applicable laws and regulations. The company must oppose the attempts to violate the law for profit so that it does not use and justify any means to obtain the profit. The ethical values of society must be used as a reference for the company is running its business. More than that, the company must also have a philanthropic responsibility, which requires the company to contribute to society so that the quality of social life can improve in line with the company's business operations (Nursahid, 2006). The implementation of great operations and services with the hope of being a determinant in gaining good perceptions from consumers or customers (Awan & Bukhari, 2011).

The Implementation of CSR in Sharia Banking in Indonesia in the View of Maqashid Al-Syariah

A company can grow and develop by conducting ethical and responsible business practices. Therefore, it must place CSR activities within the framework of the company's efforts to achieve sustainability in the long term. CSR is a strategic decision for an organization committed to helping society and solving environmental and social problems (Ness, 1992) In addition, CSR is very useful as an effort to improve the relationship between the company and society. Thus, the meaning of sustainable business or company does not only seek to maximize economic performance for shareholders but also overall strives to provide maximum contribution in achieving social and environmental aspects (Jamal, 2016).

CSR is the company's commitment aiming at providing added value to all stakeholders to support its growth. To achieve these goals while ensuring quality company growth, the company designs and implements various initiative programs covering all operational aspects and aimed at meeting the expectations of all stakeholders.

As a form of the company's business sustainability, which is oriented to economic, social, and environmental aspects, the company continues to carry out sustainability activities as a corporate social responsibility that has positive impacts and reduces negative impacts on every conducted activity. PT. Bank Negara Indonesia Syariah and PT. Bank Syariah Mandiri are two of some companies that have been conducted social activities based on Islamic teachings or following Islamic law (Chapra, 2001).

The following activities have been conducted by PT. Bank in Table 1 (Syariah, 2019).

No.	Types of Activities	Concept of Maqashid Al-Syariah
1.	Hajj souvenirs money aid	Protect religion
2.	Bank Waqf money aid	Protect offspring and property
3.	Mosque construction money aid	Protect mind
4.	Cash Waqf (sukuk) money aid	Protect property
5.	Slaughter animal money aid	Protect soul
6.	BSM distributes blessings	Protect soul

Source: Data processed from the 2019 Good Corporate Governance Report.

Besides that the following activities have been conducted by Bank Negara Indonesia in Table 2.

No.	Types of Activities	Concept of Maqashid Syariah
1.	Umrah money aid	Protect religion
2.	Mosque-based economic empowerment money	Protect offspring and property

	aid	
3.	Business capital money aid	Protect property
4.	Orphans money aid	Protect soul
5.	Slaughter animal money aid	Protect soul
6.	Educational scholarships	Protect mind

Based on the data above, the implementation of CSR conducted by sharia-based companies has been adjusted to the basic concept revealed by Al-Saitibi (Ali, 1996) including five aspects of the objectives of Islamic law. The first aspect is to protect religion. (Syariah, 2019). Both companies prioritized the protection of religion because religion is a foundation in carrying out an activity, and is going to determine the outcome of each activity. They also conducted the activity by participating in the departure of the Hajj and Umrah, in which these two activities are contained in one of the pillars of Islam, namely performing the pilgrimage to the (Wibisono, 2007).

The second aspect is to protect the soul. These two companies conducted CSR activities oriented towards protecting the soul. Activity that focuses on caring for health and disasters is a form of concern in protecting public health and trying to provide support as an effort for community survival (Santoso, 2016).

The third aspect is to protect the mind. In this part, these companies contributed through their CSR activities by providing educational scholarships to the community. The fourth aspect is to protect offspring. For this purpose, both companies provided training and assistance to employees and society to turn their families into knowledgeable and competitive families (Atakan-Duman, 2014).

The fifth aspect is to protect property. These two companies conducted activities oriented to this aspect to strengthen the economy, provide capital, and empower the mosque-based economy. In this regard, they have made efforts to create economic growth in society and realize the objectives of Islamic law, namely to protect property (Rudito et al., 2004).

CONCLUSION

Based on this discussion, the objectives of the maqashid al-syariah in implementing CSR in Islamic banking in Indonesia have been referred to and implemented in every CSR activity. Therefore, the company is not only profit-oriented, but also interests-oriented to the society, environment, and of course religion. Then, the value obtained is not only social value but also worship value (reward).

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