SOCIALIZE THE ILAHIYAH DOCTRINE ON CORPORATE SOCIAL RESPONSIBILITY IN THE MODERN BUSINESS

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HIGHLIGHT
- Indonesian law and underlying Islamic theory support companies to implement CSR. By implementing CSR, it will increase the value of the company generally.

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ABSTRACT
This research aims to explore the theoretical framework that underlies how and why companies must take social perspectives in Islam. The importance of this study is to position the facts that seek to find a connection between the theoretical framework and the practice of social responsibility. This study used a qualitative approach, namely the study of literature. The practice of social responsibility will be analyzed based on legal aspects, muttafaq, mukhtalaf, history and other sources that relevant to this research. This research shows that the Indonesian law and the underlying Islamic theory support companies to implement CSR. Although disclosure in Indonesia is still voluntary, companies will get benefit to increasing the transparency, accountability, communication, improving business strategies such as financial rewards, competing challenges, global practice, good image, investor attractiveness, appreciation and recognition and ready for the regulation.

Keyword : CSR, Indonesian Law, Islamic Values

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A. INTRODUCTION

All the time, the business still seems to be profit-oriented by prioritizing company's objectives and activities arbitrarily, such as exploiting nature without caring about the adverse effects and not paying attention to the conditions of the surrounding community. But behind it all, at this time the company is trying to improve their image by using its financial strength in the form of economic, social and environmental responsibility (Kartini, 2013).

This responsibility is commonly called as Corporate Social Responsibility (CSR). CSR is a concept that companies have a responsibility towards consumers, employees, shareholders, communities and the environment in all aspects of the company's operations (Aziz, 2013). In general, CSR is a corporate concern based on three principles known as triple bottom lines, namely profit, people and planet. This term was popularized by John Elkington in 1997 through his book entitled "Cannibals with Forks, the Triple Lines of Twentieth Century Business", Elkington developed this concept in the name of economic prosperity environmental quality and social justice (Aziz, 2013).

Awareness of the importance of practicing CSR has become a global trend along with the increasingly widespread concern of the global community for environmentally friendly products and produced by paying attention to social principles and human rights principles (Ghafur, 2015). In Indonesia, the Government specifically encourages companies to implement CSR. The regulation contained in Law No. 40 of 2007 Article 74 about Incorporated Companies, whereas companies that carry out their business activities in the field of and/or related to natural resources must carry out social and environmental responsibilities. The company must budget 1%-3% of its profit after being deducted with taxes for social responsibility purposes.

In Islamic business ethics, CSR is an inherent consequence of the theory of Islam itself. That business is an effort to create maslahah, not just seeking profit (Anto and Astuti, 2008). Islam gives attention to business as a social institution. Social activity is an added value which can have implications to increasing the long-term profitability and the goodwill that obtained by a positive image of the business and also increasing stakeholders' trust in company performance. The implementation of CSR is one of the ethics that must be carried...
out by the company (Aziz, 2013). In Islam CSR is not a new thing, social responsibility is often mentioned in several verses in Al-Qur’an, Hadits and other sources.

CSR in the Al-Qur’an is explained in the following matters. First, the company is an entity that is no longer selfish, but as an entity that is beneficial to all stakeholders. Second, some of the assets owned by the company have other people’s rights. Furthermore, the company represented by the person in charge is responsible for distributing its property to the person concerned. Fourth, the assets are distributed to the stakeholders of the company, including shareholders, employees, customers and others, then to the wider community and nature. Fifth, the assets distributed must be fair and equitable, in order to realize a benefit for all. Finally, the assets that distributed for mutual benefit will affect the good value of the company.

If CSR is not implemented, there will be more costs that must be borne by the company. Conversely, if the company carries out CSR well and actively works hard to balance the rights of all stakeholders based on fairness, dignity and justice and ensuring fair distribution of wealth, it will truly benefit the company in the long term (Syukron, 2015). Based on this background, this research tries to explore the theoretical framework that underlies how and why companies must take social perspectives on Islam.

B. METHOD

This study used a qualitative approach namely the literature study. The practice of social responsibility will be analyzed based on legal aspects, muttafaq, mukhtalaf, history and other sources relevant to this research.

C. RESULT AND DISCUSSION

1. RESULT

The Law of Guidelines Corporate Social Responsibility in Indonesia

The Regulations of Capital Market Supervisory Board require disclosure of CSR activities in annual reports is needed since 2005. Disclosure of CSR activities in annual reports is also mandated by the Incorporated Company Law No.40 of 2007, Article 66 C and 74. All companies are mandated to allocate 1 % -3% of net income after tax to finance social development programs and partnerships, produce audited financial reports and community empowerment that has been audited on its own.
Theoretical Framework of Corporate Social Responsibility in Islam

a. The Company as an Entity that is Beneficial to Others

Corporate CSR is defined as a business commitment to contribute for sustainable economic development so can improve the quality of life that have benefit for both the business itself and the interests of others (Syukron, 2015). This shows that the company is no longer a selfish entity but a business entity that is obliged to carry out cultural adaptations to the social environment (Fatmawatie, 2015). In the Al-Qur’an has been explained.

If you do good, you do good for your own selves, and if you do evil (you do it) against yourselves. (QS. Al-Isra:7)

The above verse can be explained in some of the following Hadiths.

خَيْرُ النّاس أَنْفَعُهُمْ لِلذَّانِيِّيْنِ (HR. Ahmad)

The best of people are those that bring most benefit to the rest of mankind.

منْ كَانَ فِ حَاجَةٍ أَخِيْهِ كَانَ الله فِ حَاجَتِهِ (HR. Muttafaqun Alaih)

Whoever helps the needs of his brother, then Allah will help his needs.

مَنْ يَسَرَّ عَلَيْ مُعْسِرٍ يَسَرَّ الله عَلَيْهِ فِِ الدّنِّيَا وَ الْخِيرَةِ (HR. Muslim)

Whoever relieves the hardship of a believer in this world, Allah will relieve his hardship on the Day of Resurrection. Whoever helps ease one in difficulty, Allah will make it easy for him in this world and in the Hereafter.

b. In Company Assets, There Are Partial Property of Others

In the Law No. 40 of 2007 Article 74 concerning about Incorporated Companies, companies must budget 1-3% of their profits after tax deductions. This indicates that company's wealth has other people's rights. This has been explained in the Al-Qur’an.

O you who believe! Spend out of what We have provided you before there comes a Day when there will be no buying and selling, nor will friendship and intercession be of any avail. Indeed those who disbelieve are the wrong-doers. (QS. Al-Baqarah: 254).

The sustenance meant above is anything that can be utilized, both materially and spiritually. Thus, it seems less appropriate if the command to spend sustenance in this verse and other verses is understood in the sense of spending
property only, but spending means giving anything that is within one's ability (Shihab, 2000).

Believers! Spend (in the Way of Allah) out of the good things you have earned and out of what We have produced for you from the earth, and choose not for your spending the bad things such as you yourselves would not accept or accept only by overlooking its defects. Know well that Allah is All-Munificent, Most Praiseworthy (QS. Al-Baqarah: 267).

This verse describes the livelihood given and the nature of the livelihood. The first one underlined is that what is spent should be good. But it doesn't have to be all spent, so it's enough for just a part. Some are compulsory but some are recommended. Furthermore, it was explained that what was spent was from the results of your efforts and from what Allah had expelled from the earth (Shihab, 2000).

So hold Allah in awe as much as you can, and listen and obey, and be charitable. This is for your own good. And whoever remains safe from his own greediness, it is such that will prosper. (QS. At-Taghabun:16).

The verse explains that it is human's responsibility to help others. All forms of arrogance and stinginess are actions that are hated by Allah.

Spend in the Way of Allah and do not cast yourselves into destruction with your own hands; do good, for Allah loves those who do good. (QS. Al-Baqarah: 195).

This verse explains that the property spent in the way of Allah will not be lost even will develop because it is on a very right path. Do not spend your wealth in the other way of Allah, because if so, you will fall into destruction. Because the property that is in the hands, without being spent in the way of Allah, will not only be exhausted by the owner or owned by his heirs, but also destroy the owner in the next day (Shihab, 2000).

Never will you attain the good [reward] until you spend [in the way of Allah ] from that which you love. And whatever you spend - indeed, Allah is Knowing of it. (QS. Al-Imran: 92).

This verse explains that one's livelihood will be beneficial, if the property that is rewarded should be the property that is favored in a good way and the purpose and the motivation are correct. Do not worry about losing or regretting your sincere gift, because whatever you spend either from what you like or do not like, then Allah will reward you, both in the world and in the hereafter (Shihab, 2000).
There is actually a more grand concept related to CSR, which is one of them from the pillars of Islam regarding zakat. A prosperous society will be built through the instrument of zakat. According to experts, instrument of Islamic economic as a form of personal and social responsibility are the instruments of zakat, infaq and shadaqah (Aziz, 2013).

A company usually has assets that will not be separated from three forms, namely assets in the form of goods, assets in the form of cash and assets in the form of accounts receivable. In general, the type of payment and the calculation of corporate zakat is the same as trade zakat. Its zakat has nisab as much as 85 grams of gold. That corporate zakat is based on financial statements by subtracting liabilities from current assets or all assets (excluding facilities and infrastructure) plus profits, minus payments of debt and other obligations, then issued at 2.5% as zakat (Hafiduddin, 2002).

c. The Task of Companies to Distribute CSR Fairly and Evenly in Order to Create Benefit

The company's task is a reflection of humans as Allah's people, which is the man's duty to worship Allah. The company is not only seeking profit, but in production activities in the context of worshiping Allah (Triyuwono, 2006).

And I did not create the jinn and mankind except to worship Me. (QS. Adz-Dzariyat: 56).

The meaning of the verse above is I created them with the aim of telling them to worship Me, not because I needed them. They worshiping Allah, both voluntarily and forcibly (Kathir, 2000).

Then the next task is that humans are khalifatullah fil ardh who carry the mission of creating and distributing welfare for all humans and nature. It means that its is as the duty of companies to distribute their property to those concerned. This is explained in the Al-Qur’an.

And [mention, O Muhammad], when your Lord said to the angels, “Indeed, I will make upon the earth a successive authority.” They said, “Will You place upon it one who causes corruption therein and sheds blood, while we declare Your praise and sanctify You?” Allah said, “Indeed, I know that which you do not know.” (QS. Al-Baqarah: 30).
This verse explains that the Caliphate requires people who have been given the authority to complete the task to carry out their duties in accordance with instructions from Allah who gave them duties and authority. Wisdom that is not in accordance with His will is a violation of the meaning and duties of the Caliphate (Shihab, 2000).

The distribution of assets must be carried out fairly and evenly, that the task is one of the tasks of man or company in accordance with Allah's instructions which have been explained in the previous paragraph. This is explained in the Al-Qur'an.

Indeed, Allah orders justice and good conduct and giving to relatives and forbids immorality and bad conduct and oppression. He admonishes you that perhaps you will be reminded. (QS. An-Nahl: 90).

The purpose of the above verse is that Allah tells us that He commands his servants to do justice, namely to take a position in the middle and be full of balance, and to advocate for doing good. Then Allah ordered to establish friendship. And Allah forbids haram acts that appear to be carried out by someone (Katsir, 2000).

O you who have believed, be persistently standing firm for Allah, witnesses in justice, and do not let the hatred of a people prevent you from being just. Be just; that is nearer to righteousness. And fear Allah; indeed, Allah is Acquainted with what you do. (QS. Al-Maidah: 8).

The purpose of the verse above is to be you as enforcers of truth because of Allah, not because of humans or seeking popularity. And be a witness who is fair, not cheating. Do not because there is hatred towards a people, make you do unfairness to them, but set that justice to everyone, both your friends and enemies. Your justice is closer to taqwa than leaving it (Katsir, 2000).

With the values of justice, it will bring benefit to stockholders, stakeholders, society and the environment. Therefore, the final goal is falah, essential success in business in the form of achieving prosperity which includes happiness (spiritual) and prosperity (material) at the level of individuals and society (Triyuwono, 2006). This is explained in the Al-Qur'an.

And if only the people of the cities had believed and feared Allah, We would have opened upon them blessings from the heaven and the earth; but they denied [the messengers], so We seized them for what they were earning.” (QS. Al-A'raf: 96).
The purpose of the verse above is that their hearts are faithful and justify what was brought by the Prophet then they followed the and devoted themselves to obedience and abandoned all prohibitions. So, We will give them prosperity in the form of rain from the sky and plants from the earth. On the contrary, if they lie, then We torture them because of their actions (Katsir, 2000).

d. Corporate CSR is Distributed to Stakeholders, Society and Nature

1) Company’s Stakeholders

Stakeholders of the company or direct stakeholders include shareholders, employees, customers, consumers and others. The company is responsible for training, coaching, and non-discrimination policies as well as their overall welfare. In the Qur’an, it is explained as follows.

And if they breastfeed for you, then give them their payment (QS. At-Talaq: 6).

أعْطُوا الأجِي ْرَ أجْرَهُ قَبْلَ أنْ يََِفّ عَرَقَهُ

Pay the worker his wages before his sweat has dried. (HR. Ibn Majah)

2) Society or Community

Then the parties called indirect stakeholders are community or society. One of the efforts is to eradicate poverty by sustainable development. This is explained in the Al-Qur’an.

And give the relative his right, and [also] the poor and the traveler, and do not spend wastefully. (QS. Al-Isra’: 26).

And cause not corruption upon the earth after its reformation. And invoke Him in fear and aspiration. Indeed, the mercy of Allah is near to the doers of good. (QS. Al-A’raf: 56).

3) Maintaining Nature Conservation

The last is accountability to nature. Humans are obliged to maintain the environment and preserve it. This is explained in the Al-Qur’an.

And when he goes away, he strives throughout the land to cause corruption therein and destroy crops and animals. And Allah does not like corruption. (QS. Al-Baqarah: 205).

And cause not corruption upon the earth after its reformation. And invoke Him in fear and aspiration. Indeed, the mercy of Allah is near to the doers of good. (QS. Al-A’raf: 56).
Corruption has appeared throughout the land and sea by [reason of] what the hands of people have earned so He may let them taste part of [the consequence of] what they have done that perhaps they will return [to righteousness]. Say, [O Muhammad], “Travel through the land and observe how was the end of those before. Most of them were associators [of others with Allah]. (QS. Ar-Rum: 41-42).

And cause not corruption upon the earth after its reformation. And invoke Him in fear and aspiration. Indeed, the mercy of Allah is near to the doers of good. And it is He who sends the winds as good tidings before His mercy until, when they have carried heavy rainclouds, We drive them to a dead land and We send down rain therein and bring forth thereby [some] of all the fruits. Thus will We bring forth the dead; perhaps you may be reminded. And the good land - its vegetation emerges by permission of its Lord; but that which is bad - nothing emerges except sparsely, with difficulty. Thus do We diversify the signs for a people who are grateful. (QS. Al-A’raf: 56-58).

The verse explains that Islam is very concerned about the preservation of nature. All forms of business both in the form of business and non-business must preserve nature.

e. The Effect of CSR on Company Values

Company value can be seen from the aspect of increase in terms of profitability, assets and capital of the company, and can also be seen in terms of CSR. Therefore, there are indications that CSR has a significant influence on firm value. According to Zusak’s research, there is a relationship between CSR, financial performance and company value. Then in his research also revealed that CSR and financial performance simultaneously have an influence on the value of the company (Zusak, Fanani and Ramadhan, 2019). In addition, Ramadhan in its research with multinomial regression analysis method stated that company performance and company size have a significant influence on environmental performance in companies listed in the Jakarta Islamic Index (Ramadhan, Iswati and Herianingrum, 2017).

This is related to the effect of CSR on the increasing value and profitability of the company described in the Qur’an in the following verses.

The example of those who spend their wealth in the way of Allah is like a seed [of grain] which grows seven spikes; in each spike is a hundred grains. And Allah multiplies [His reward] for whom He wills. And Allah is all-Encompassing and Knowing. (QS. Al-Baqarah:261).

According to the commentary of Al-Misbah, the verse above gives the message that the person who has more assets to not feel heavily helping others, because what is spent will grow and multiply. The parable of the marvelous...
circumstances of those who spend their wealth sincerely in the way of Allah, is similar to the amazing situation of a farmer who sowed seeds. A seed planted grows seven grains, and in each item there are one hundred seeds (Shihab, 2000).

Those who spend their wealth in the way of Allah and then do not follow up what they have spent with reminders [of it] or [other] injury will have their reward with their Lord, and there will be no fear concerning them, nor will they grieve. (QS. Al-Baqarah: 262).

According to the interpretation of Al-Misbah, the verse above explains about one side of how to spend property that has Allah’s blessings and according to His command in the previous verse. On the other hand, if the previous verse explains the situation of farmers who managed to cultivate their fields and multiply the results, then this is explained further because of their success, namely that they did not mention their gifts and did not hurt the people they gave. The multiplication referred to in the previous verse is obtained by those who avoid the cause of this failure (Shihab, 2000).

Kind speech and forgiveness are better than charity followed by injury. And Allah is Free of need and Forbearing. (QS. Al-Baqarah: 263).

According to the interpretation of Al-Misbah, after explained about the gift in the form of a living and forbidden to mention it and hurt the heart given, the verse above emphasizes the importance of pleasant speech and being forgiving. In fact, this is better than painful alms (Shihab, 2000).

O you who have believed, do not invalidate your charities with reminders or injury as does one who spends his wealth [only] to be seen by the people and does not believe in Allah and the Last Day. His example is like that of a [large] smooth stone upon which is dust and is hit by a downpour that leaves it bare. They are unable [to keep] anything of what they have earned. And Allah does not guide the disbelieving people. (QS. Al-Baqarah: 264).

According to the interpretation of Al-Misbah, the verse above starts with an affectionate calling, O believers. The intimate call was followed by a ban: do not cancel, namely your alms reward. The word reward is not mentioned in this verse to imply that it is not only the reward or the result of lost alms, but also the charity which is a capital is lost without trace. Even though the capital was there, and the reward should be there, now the two are gone. Allah intends to multiply it, but you yourself do something that causes it to disappear, because you mention it and interfere with the receiver's feelings (Shihab, 2000).
And the example of those who spend their wealth seeking means to the approval of Allah and assuring [reward for] themselves is like a garden on high ground which is hit by a downpour - so it yields its fruits in double. And [even] if it is not hit by a downpour, then a drizzle [is sufficient]. And Allah, of what you do, is Seeing. (QS. Al-Baqarah: 265).

According to Al-Misbah's interpretation, there are two main goals of those who are commendable in spending their wealth, though the latter in turn refers to the first goal. The first is mardhatillah, translated with the Allah's pleasure. The meaning of the word contains repetition and continuity, which means to repeatedly gain the Allah's pleasure so that it becomes steady and sustained.

The second goal is tatsbitan min anfusihim, namely the confirmation or determination of their soul. Where the income that they provide is in the context of honing and nurturing their souls, so that they can obtain sincerity and forgiveness for the disturbances and mistakes of others, and patience and determination in carrying out religious obligations (Shihab, 2000).

2. DISCUSSION

First, that if someone does good to others then the good is for himself and vice versa. Then, that the best of people is the one who benefits others, the people who help the needs of their siblings and those who facilitate the difficulties of others.

Second, that what has been generated from one's business in the form of services, trade or production, then part of the assets they produce must be paid to others. It means that some of the assets that have been produced are the property of others. Such livelihood can be in the form of anything according to the ability of the giver, but it does not have to be all the assets left out, only a portion is given. The activity of giving a living is a form of human responsibility to help others, because all forms of arrogance and stinginess are actions that are very hated by Allah. Furthermore, the assets that are expended will not be lost and exhausted but will develop, because the property is on a very well maintained road. Finally, what has been rewarded will benefit others, and Allah will give rewards in both the world and the hereafter.

Third, human duty reflected as the company's task is divided into two, namely abd Allah and khalifatullah fil ardh. The first task is as abd Allah, which means worshiping Allah, where all activities of service, trade and production are in the context of worshiping Allah. The second task is as khalifatullah fil ardh which means creating...
and distributing welfare for all humans and nature, where the duty of companies to distribute part of their wealth to those concerned. In distributing assets, humans must be fair and share them equally. With the existence of justice, it will create a benefit that includes happiness (spiritual) and prosperity (material) at the level of individuals and society.

Fourth, these assets can be distributed to corporate stakeholders, the society or the community and the nature. The first is related to stakeholder’s welfare which includes training, coaching, non-discrimination policies, satisfaction and others. The second is related to efforts to eradicate poverty with sustainable economic development. The last is related to efforts to maintain and preserve the environment and nature.

Fifth, whoever spends his wealth in the way of Allah, then the gift will be multiplied. The condition is not to mention the giving and not to hurt the person who receives it. Then do not ever cancel what you will give. The purpose of spending wealth is not only to seek the pleasure of Allah and gain the determination of heart.

This theoretical framework is a basis for companies, especially those that use sharia operations, which are not selfish but can benefit others. The following are conclusions related to the basic framework for implementing CSR. (1) The company does not only prioritize its own business where one of its objectives is only profit-oriented, but the company must contribute or provide benefits from its production to internal and external parties that include society and the environment. (2) Sustenance or can be defined as the profit of a company wherein the profit belongs to someone else. The company’s production activities which then produce an item and then distributed into an income, then in some of these assets are obliged to be issued for mutual benefit. (3) The manager of the property is entrusted to humans which is reflected to the company by Allah as khalifatullah fil ardh which carries the mission of creating and distributing welfare for all humans and nature. With the distribution, justice will be formed for humans and nature. Justice will bring benefit to stakeholders, society and the environment. With the existence of a fair distribution and can bring mutual benefit, what will be obtained is falah, which is essential success in
business in the form of achieving prosperity which includes spiritual happiness and material prosperity.

(4) Horizontal Accountability: Indirect stakeholders, including employees and stakeholders who have a direct relationship with the company (investors, competitors, consumers and others). Direct stakeholders consist of communities and communities. Nature is related to maintaining and preserving nature for the survival of companies and living things around. (5) That what has been obtained by the company in the form of wealth from the production so that it does not feel heavy to help others, because what is allocated to the maslahah in the form of CSR will grow multiply. Allah's requirements will multiply these gifts by giving sincerely, prohibiting mentioning what has been given and prohibited from hurting the person who was given. The ultimate goal of giving a living to others is to get blessings from Allah and the firmness of the soul along with patience.

D. CONCLUSION

The form of Indonesian law and CSR theory according to the underlying Islam is supporting companies to carry out CSR. Although the disclosure of CSR reports in Indonesia is still voluntary, companies will benefit in terms of increasing transparency, accountability, communication, improving business strategies such as financial rewards, competing challenges, global practice, good image, investor attractiveness, appreciation and recognition and ready for regulation. Referring to as a sharia-based company, CSR must also consider the balance between economy, environment and social values.
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