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Concept of Corporate Social Responsibility According to Perspective of *Ihsan* on Sharia Banking

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Abstract—This study aims to formulate a concept of Corporate Social Responsibility (CSR) according to the *Ihsan* perspective. The existing CSR is still reflected in the conventional CSR which is full of materialism. The concept of CSR in sharia banking should emphasize the awareness of individuals who understand their duty to fellow and universe in the company so that the purpose of togetherness which is based on servitude to Allah SWT can be achieved. This awareness is the spiritual element or the deepest sense in man that comes from Allah SWT. Therefore, the concept of CSR should also contain the underlying spiritual element of humanity so that it no longer only meets the Triple Bottom Line but seeks to meet the *Pentuple Bottom Line* (God, Prophet, Profit, People and Planet). Using perspective of *Ihsan* as a methodology in Islamic CSR because CSR in Islamic Banks uses funds derived from *Zakat, Infaq, Shodaqah* and Social funds (fines, conventional bank interest, other social funds) all of which are the Fund of Virtue (*Qardhul Hasan*) in accordance with the provisions of PSAK no 101 paragraph 75 year 2015 and Fatwa DSN No.19/DSN-MUI/IV/2001 as a source of financing CSR activities. Digging the implementation of BSM CSR with *Ihsan* as analytical tool to produce CSR concept which is in accordance with *Ihsan* perspective which reduces unsuitable values for better future application. The value used in this study is *Ikhlash* and *Muraqabatullah* which will produce a different concept of CSR with conventional banking.

Keywords—corporate social responsibility; *ihsan* perspective; sharia banking

I. INTRODUCTION

Every company is required to run CSR and disclose its activities in accordance with the Law No. 25/2007 on Capital Investment Article 15 and Law No. 40/2007 on Limited Liability Company Article 1 that CSR is the company's commitment to participate in sustainable economic development in order to improve the quality of life and a useful environment for both the company itself, the local community and the community at large. If it does not implement what is stipulated in the law, the company will be subject to both government and social sanctions [1, 2].

This provision applies to all companies including sharia banking that has a broader function than conventional banking because in addition to business functions and social banking sharia also has a *da'wah* function that is able to manage the funds of *zakat, Infaq, Shodaqah* and *waqf* and social funds in

the form of fines and interest gyro which is a benevolent fund (*Qardhul Hasan*) [2-4].

However, in line with this growth, researchers began to criticize the sharia banks that are considered not maximally in their contribution to support the strengthening of social and economic justice for the general public [5-11]. In fact, some researchers stated that their research results indicate a wide gap between expectations and reality in terms of implementation and social reporting of some of the major Islamic banks in the world [3, 5, 10, 12].

Even stated that sharia banks are now indicated asocial is still put forward the function of commercial financing (commercial finance) than the function of social finance (social finance) so that sustainability business is more dominant than sustainability social. Whereas sharia banks get substantial funds to be used as CSR activities that is *Qardhul Hasan* (virtue fund) that can be used for social financing (revolving fund/loan and return of principal only) to encourage the growth of small society so that social impact can be felt bigger. Others highlight the sharia banking that prefers the "formal" wrapper rather than the "substance", simply meets the sharia criteria in its contracts, but forgets the greater purpose of sharia, which is to bring forward a just, equitable society and reduce poverty [3, 13, 14].

A. Theoretical Review

Unlike conventional banks that tend to emphasize the disclosure of profits, asset growth, risk assessment, handling of customer complaints (customers) and other nonsocial aspects related only to triple bottom line only, Islamic banks should disclose different and more comprehensive information to users report them for decision making.

The content of CSR reporting of Islamic banks should contain more than just a triple bottom line but is related to 3 important information to show their responsibility to God (Allah SWT), responsibility to fellow human beings and responsibility to the natural environment. These three forms of responsibility should not be separated from each other in practice and CSR reports [2, 15].

CSR is in line with the teachings of Islam that is strongly advocated to do goodness, goodness (*ihsan*) addressed to people as well as to the company as a legal entity and legal

subject because the company operationalized by a group of people and prohibits damage and destroy the physical environment that is considered harmful to individuals and society. Therefore, sharia banks are not obliged to finance activities that cause environmental damage. However, sharia banks must provide funds related to environmental conservation projects.

Although sharia banking is unlikely to cause direct losses to the environment such as the nuclear industry, but under CSR program policies, sharia bank service users will need assurance that the activities of sharia banks have a positive influence on the welfare of society [4, 16]. The presence of CSR is believed to have the potential of equality to promote social justice, transparency and accountability in the business organization of companies [1].

II. METHOD

This research is an effort of researcher to build concept of social responsibility for sharia bank based on Islamic paradigm in *Muhsin* perspective. This research departs from the concerns of researchers looking at the practice of social responsibility undertaken by sharia banking (Case study of BSM Center) in which the management and implementation of CSR has not been based on the concept of CSR in accordance with sharia banking that the use of zakat funds and *Qardhul Hasan* has not run with *ahsan*) according to *Muhsin's* perspective [16].

From the Islamic paradigm, knowledge is not limited to only tools that constitute the source of acquisition and interpretation; but also the sources called the Divine *kalam*, which include the Qur'an and As-Sunnah as the main source of knowledge of the Islamic paradigm. So knowledge in Islam is more comprehensive than knowledge in the Western context, limited only to the knowledge that can be gained by the human senses and reason, and completely rejects and denies revelation (the Qur'an and As-Sunnah) [16, 17]. While in Islam these two things are considered as the main source of knowledge and become an important article of faith.

This is the point of difference between the epistemological concepts of conventional Western and Islamic understanding. Religion in this case (transcendental) is much more certain than science because it does not recognize moral relativism. What must surely be above the uncertain. This means that religion above science and science must be a decline of religion [17,18]. Science that contains elements of religion as a science that has value and more humanist.

In contrast to the empirical notion that only uses the mind and the senses as a means to acquire knowledge, *Muhsin* makes sense, mind and heart as a tool for acquiring knowledge [19]. The worldview of *Muhsin* is in accordance with Golshani's opinion [10,18,19]. Sense plays a role to capture material objects through experimental activity as well as observation [10]. Information on observations and observations made by the senses, then interpreted and correlated using reason [10,18].

The heart acts to capture non-material objects such as intuition in the form of inspiration in the form of supernatural messages, as well as divine signs [4, 15, 18]. To acquire the true knowledge, all such information must be confirmed to the

ultimate source of knowledge of the Qur'an and As-Sunnah [10,17-19]. *Muhsin* has the belief that Allah is the true source of knowledge, conveyed directly by Allah through revelation or inspiration to the human heart and pursued through the process of contemplation of the holy verses of the Qur'an and the reality that occurs in the universe.

III. RESULTS AND DISCUSSION

Ihsan is likened to the roof of an Islamic building (the pillars of faith are the foundation, the pillars of Islam are the pillars of the building). Like the roof in general that serves to protect the contents of the building, as well as *Ihsan*. *Ihsan* or good deeds and qualities serve as a protector for one's Islamic building. If someone does *Ihsan*, then other Islamic deeds will be preserved and long-lasting.

So that in implementing CSR, new sharia banking is in a fair position if implementing CSR according to the law alone, which means rational and transactional impact, that is if the company provides this much assistance, the company will get what it is, also intends to run CSR only to get an award. This is not wrong because Islamic banks are in the right position and obligation according to what conventional banking does in general.

But if you want to be more than just then the Islamic bank must fulfill *Ihsan* values, CSR *Ihsan*, according to *Muhsin's* view without questioning like transactional above and realizing that the social funds used come from the community and should be able to return to the community through the use of zakat funds and social funds (non-halal funds (interest on demand deposits from conventional banks), funds for fines and other social funds as *Qardul Hasan* funds (benevolent funds) in order to fulfill the commands of Allah SWT (to do as much as possible with the widest possible recipients) according to the nature of *utilitarianism* (the greatest good for the greatest number).

An act and a rule is good if it brings the greatest pleasure to the most numerous people (world dimension) and the implementation of *Ihsan* CSR to get the pleasure of Allah (the afterlife dimension) so that it is more comprehensive and long-term. If Allah is pleased with Islamic banks that implement CSR, surely Allah will bless the people in Islamic banking (personal), Allah will develop the bank and Allah will bless nature and a healthy and blessed environment. Nothing is difficult if God has willed.

The position of *Ihsan* in the Quran is so strategic that Allah SWT in that verse uses His greatest name (*isim a'zham / lafzh al-jalalah*) and is accompanied by "*inna*" as the instrument of confirmation (*taukid*) to accompany the expression of the command-Nya (*ya'muru*) This sentence pattern is a form of emphasis on His messages.

Interpretation experts interpret the injunctive command in the verse by linking it to the Prophet's hadith concerning the three pillars of religion. They mentioned that *Ihsan* was that you worshiped Allah as if you saw Him and if you did not see Him then in fact He saw you.

"And look for what Allah has bestowed upon you (happiness) the land of the hereafter, and do not forget your portion of (worldly pleasures), and do good to others as Allah has done good to you, and do not do harm in (face) earth. Verily Allah does not like those who do damage"(QS. Al-Qashash: 77)

In this context, reviewing the *IHSAN* CSR in the Quran is important. Because, humans have an obligation to carry out their relationship with other human beings in the life of society and state. Thus, humans can become ideal caliphs according to the Qur'an. Moreover, *Ihsan* is the highest Muslim level, after faith and Islam. Where every *Muhsin* (the one who has the right) must be a *Mu'min* (a believer) and every *Mu'min* must be a Muslim (a Muslim).

But this does not apply otherwise, where a Muslim is not necessarily a believer, and a Muslim is not necessarily a *Muhsin*. meanwhile, if the concept of CSR according to the perspective of *Muhsin* has been executed continuously and massively by sharia banks it will produce a utilitarian CSR, the *Rahmatan Lil'alamin*.

Which will bring the banking not only sustainability business but sustainability *masalah* as per law and PSAK 101 which is the use of funds *Qardhul Hasan* is a fund derived from the community in the form of zakat funds, *Infaq, shadaqah, wakaf* and social funds (fines, interest giro, other

social funds) sourced from the community and not a bank income should be used optimally for the welfare of the community with a CSR mission that is a continuing commitment by the business community to act ethically and contribute to the economic development of the local community or the wider community, along with the improved living standards of workers and their families. Link between CSR and *Ihsan* Value can see in figure 1.



Fig. 1. Link between CSR and *Ihsan* Value.

IV. CONCLUSION

Based on results of tests that have been done then can be drawn conclusion as follows table 1:

TABLE I. CONCLUSION OF THE TEST RESULTS

Activity	<i>Ikhlas</i>	<i>Muraqabatullah</i>
Collection of CSR Funds	<ul style="list-style-type: none"> Doing every activity with intention as a form of worship to God and seeking His pleasure Creating SOPs with spiritual dimension of worker so that from the very beginning of CSR activities to the end always in the spirit dimension on the basis of divine values Collect good CSR funds from ZISWaf funds and social funds that are a benevolent fund with the best possible socialization so that the payers will have the pleasure. 	<ul style="list-style-type: none"> When working always be careful as much as possible not to commit disgraceful acts or cheating on the job Always perform the prescribed worship services, worship services such as prayer, zakat, fasting, tadanus kaji, and always get closer because the feelings of God's supervision are always there and this to keep awareness of God's existence is near and God's supervision there it is. Strive to increase bank earnings for CSR and Branding funds to get their respective portions.
Allocation Planning	<ul style="list-style-type: none"> Sincerity must be reflected in the company's vision and mission that CSR is performed for first and foremost responsibility to Allah SWT. The objectives of CSR should be defined by covering aspects of the world and ukhrawi CSR targets should be revealed early in the planning to ensure the focus of achievement Goals should be written to maintain the sustainability of the benefit process. 	<ul style="list-style-type: none"> Involvement of God in every activity by visually and audibly raising in the working environment of narratives that remind employees of a close God. The management of the spiritual welfare of employees to ensure the continuity of worship and the work the company imposes Socialization of the principle of <i>Ihsan</i> in a massive environment in the company so that all parties are aware of its activities must always <i>Ihsan</i> in sharia banking operations. Not linking CSR funds with business indicators Be more careful in planning the allocation between zakat funds and social funds
Implementation	<ul style="list-style-type: none"> Monitor the discipline of CSR BSM funding budgeting for the purely reciprocal, purely social interests that have been determined by law/regulation no.25/2007 and No.40 / 2007 Monitor CSR usage and work in a transparent, reality-friendly manner, and no Window dressing Monitoring banking CSR activities in earnest with improved levels year after year, especially work related to environmental renewal and regarding the sustainability of the benefit of keeping faith, religion, descent, property, and soul Working with conscience. 	<ul style="list-style-type: none"> Encouraging sharia banking to provide the best products for the implementation of CSR in the environment Adjust CSR programs with environmental conditions to create equitable socio-economic development Proactive in improving and preserving the environment. Synergize with BAZNAS as Amil Zakat government establishes the program, collects and distributes ziswaf funds to channel the right target
Reporting and Accountability	<ul style="list-style-type: none"> Making CSR reporting and accountability in line with government regulation and giving more value to the implementation to achieve sustainability <i>masalah</i>. 	<ul style="list-style-type: none"> Create a dimensionless world report and hereafter Create sustainable reports with each other.

In this context, reviewing the *IHSAN* CSR in the Koran is important. Because, humans have an obligation to carry out their relationship with other human beings in the life of society and state. Thus, humans can become ideal caliphs according to the Qur'an. Moreover, *Ihsan* is the highest Muslim level, after faith and Islam. Where every *Muhsin* (the one who has the right) must be a *Mu'min* (a believer) and every *Mu'min* must be a Muslim (a Muslim). But this does not apply otherwise, where a Muslim is not necessarily a believer, and a Muslim is not necessarily a *Muhsin*.

The application of the *Ihsan* concept in Islamic banking CSR activities *insha'Allah* will be a new breakthrough in correcting the perspective of the implementation of Islamic banks' CSR which has been less precise and in helping to realize sustainability *maslahah*. Therefore, CSR actors who have *Muhsin* character (applying the values of *Ihsan*) *InsyAllah* will give birth to good performance and results (*hasan*) and produce better and wider outputs and outcomes for human and nature through the management of zakat funds and funds *Qardhul Hasan* is in accordance with the basic philosophy of Islamic banks who want continuous integration between business functions, social functions and *da'wah* functions.

The results of this study will have implications on: first, changes in awareness and understanding of the concept of Islamic banking CSR. The results of this study convey the philosophical view of the concept of *Ihsan* in accordance *Muhsin* perspective in understanding the activities of Islamic banking CSR conducted by all parties concerned.

This concept is more comprehensive because it can be as a better understanding solution for CSR activities in sharia banks both in fund raising, allocation planning, distribution and reporting that are no longer oriented towards sustainability business goals but strive to achieve sustainability *maslahah* (social welfare) in the spirit of SDGs (Sustainability Development Goals) for 2015 to 2030 to be more successful than the previous MDGs (Millennium Development Goals) program so that the contribution of sharia banking is significant in utilitarianism.

CSR *Ihsan* requires accountability not only to humans and nature (triple bottom line) but also to God (Allah SWT / pentuple bottom line) which is not covered by GRI index reporting which only meets the fair value. If reporting using GRI plus applying the *Ihsan* CSR concept will be more comprehensive because the GRI or ISO 26000 index is only a tool to facilitate technical reporting of CSR implementation. So the concept of CSR *Ihsan* has implications on Islamic accounting sharia and Islamic banking, especially enrich the understanding of the application of the concept of Islamic banking CSR concept.

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