

Corporate Social Responsibility under the *Maqasid Syariah* Concept in Malaysia: Why Does it Matter?

Hartinie Abd Aziz^{1*}, Zuhairah Ariff Abd Ghadas², Assane Buana Ossofo³

^{1, 2} Faculty of Law and International Relations, Universiti Sultan Zainal Abidin, Malaysia

³ Ahmad Ibrahim Kulliyah of Laws, International Islamic University Malaysia, Malaysia

*Corresponding Author: hartinieabdaziz@unisza.edu.my

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ABSTRACT

Corporate Social Responsibility (CSR) is an essential component of the shariah corporation framework. In the current corporate model, CSR is still an option rather than a company objective. The need for CSR is still being debated among companies, with some believing that it is in the long-term self-interest of a business to be socially responsible, while others view CSR as weakening a business's primary purpose. Islamic law requires Muslims to not only be governed by the al-Quran and as-Sunnah but also to be subject to the objective of Syariah, namely Maqasid Syariah. The research aims to provide analysis and recommendations to improve the practice of CSR according to the concept of Maqasid Syariah. This qualitative research used doctrinal legal method with employing secondary data. The outcome of this research is significant as a basis for law reform to develop a Shariah Compliant Corporation. It is crucial to incorporate CSR into the Shariah-compliant business model to ensure that businesses are responsible not only for maximizing profits but also for contributing positively to society. The incorporation of CSR into the Syariah-compliant business model is crucial in achieving the objectives of Syariah, namely, the promotion of human welfare, justice, and sustainability.

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1. Introduction

In recent years, accounting and ethical scandals in cases such as Enron, WorldCom, Ahold, and Parmalat have led to a renewed focus on corporate governance as a highly salient issue for international business.¹ Good corporate governance has been linked with good corporate

¹ Veronica Tibiletti and others, 'Does Corporate Governance Matter in Corporate Social Responsibility Disclosure? Evidence from Italy in the "Era of Sustainability"', *Corporate Social Responsibility and Environmental Management*, 28.2 (2021), 896–907 <https://doi.org/10.1002/csr.2097>

responsibility, enhancing accountability beyond the shareholders' needs, and recognising the need for various stakeholder groups. While focus is still on the basis of maximizing shareholder value, further aspects of corporate performance in addition to financial results are becoming more commonly used.

There is a relationship between the corporate governance and the Corporate Social Responsibility (CSR).² Ethics, fairness, transparency and accountability are promoted via the Corporate Governance (CG) practices. The decisions should not only follow the shareholders' interests but also acknowledge the interests of various stakeholder groups. Thus, ethical, legal and communal needs of the society need to be included in strategic considerations.

The concept of corporate governance has evolved from traditional "profit-centred" model towards the "social responsibility" model and finally towards the "corporate community" model.³ A research done by Halal concludes that the integration of stakeholders is needed to form a whole productive or a "corporate community" to the function of organizational wealth creation. The corporate community model is the one that regards the organisation as a socioeconomic system in which wealth is created using stakeholder collaboration. By engaging this partnership, the organisation becomes not only socially responsible but more competitive.

In the current corporate model especially in Malaysia, CSR is not part of the objective of the company because the need of CSR is still being debated among companies.⁴ Some of them in favour to practice the CSR because for the business's long-term self-interest to be socially responsible and some others have viewed that CSR will weaken businesses' primary purpose.

Alsaadi et al argue that CSR is a requirement for all organizations in order to demonstrate their social responsibility. Despite the fact that CSR is part of voluntary disclosure, CSR implementation is obligatory for all Muslims under Islam.⁵ In addition, Murphy and Smolarski discusses the political perspective of corporate social responsibility from the normative Islamic perspective. It is argued that large corporations in Muslim-majority nations have a moral obligation to assist governments in addressing socioeconomic development challenges and advancing human rights.⁶ Moreover, Said et al investigates the extent of *Maqasid* Al-Shariah corporate social responsibility (CSR) disclosure among Malaysian Shariah-compliant publicly traded companies. It indicates that *Maqasid* Al-Shariah CSR disclosure index levels are generally modest. In their annual reports for the survey year, Shariah-compliant companies revealed more community-related themes and an intellectual element, according to the study.⁷

² Mayang Mahrani and Noorlailie Soewarno, 'The Effect of Good Corporate Governance Mechanism and Corporate Social Responsibility on Financial Performance with Earnings Management as Mediating Variable', *Asian Journal of Accounting Research*, 3.1 (2018), 41–60 <https://doi.org/10.1108/AJAR-06-2018-0008>

³ Deeksha Singh and Andrew Delios, 'Corporate Governance, Board Networks and Growth in Domestic and International Markets: Evidence from India', *Journal of World Business*, 52.5 (2017), 615–27 <https://doi.org/10.1016/j.jwb.2017.02.002>

⁴ Corina Joseph and others, 'A Comparative Study of Anti-Corruption Practice Disclosure among Malaysian and Indonesian Corporate Social Responsibility (CSR) Best Practice Companies', *Journal of Cleaner Production*, 112.4 (2016), 2896–2906 <https://doi.org/10.1016/j.jclepro.2015.10.091>

⁵ Abdullah Alsaadi, M. Shahid Ebrahim, and Aziz Jaafar, 'Corporate Social Responsibility, Shariah-Compliance, and Earnings Quality', *Journal of Financial Services Research*, 51.2 (2017), 169–94 <https://doi.org/10.1007/s10693-016-0263-0>

⁶ Maurice J. Murphy and Jan M. Smolarski, 'Religion and CSR: An Islamic "Political" Model of Corporate Governance', *Business & Society*, 59.5 (2020), 823–54 <https://doi.org/10.1177/0007650317749222>

⁷ Roshima Said and others, 'Corporate Social Responsibility Disclosure Index of Malaysian Shariah – Compliant Companies', *International Journal of Ethics and Systems*, 34.1 (2018), 55–69 <https://doi.org/10.1108/IJOES-09-2016-0068>

Although there were a number of studies conducted on the issue of corporate social responsibility, nevertheless, the author unable to find any works that examine the relation and comparison between the CSR under the framework of conventional and sharia perspective based on the *Maqasid* Syariah concept. Thus, this research contributes to analyse the application of CSR in Malaysia with the Concept of *Maqasid* Syariah. This research analyzes the concept of CSR under conventional framework as well as under Syariah Perspective. The finding of this research is important to show that, there is a need for a Syariah Compliant Corporation to adopt the concept of *Maqasid* Syariah in CSR since it has the potential of not only complying with the letter of Syariah but also fulfilling the true spirit and Syariah's objectives.

2. Research Method

This is a qualitative study involving secondary data and used doctrinal legal research. The data in this study were obtained from reference literature consisting of books, journal articles, and research results that are related to the present topic. Through the literature study, the analysis technique conducted through in-depth analysis, and it presented in a descriptive-structured manner within the frame of Islamic views. Thus, the presentation in this article can be understood as a sequence that is coherent and logical, and connected between one part and another.

3. Result and Discussion

3.1 The Concept of Conventional Corporate Social Responsibility

The concept of CSR began in the West in the 1970s and discussions on the concept of CSR often focused on the view that is founded on the norms, cultures and beliefs of the West, especially Europe and America. Western perspective of CSR or it can be referring as conventional CSR has become common practice for a corporate to run CSR programs. Nevertheless, the development of CSR in the West today requires a comprehensive analysis from an Islamic perspective.⁸

Conventional CSR comes in many forms. As a result, its operation is open to a great deal of interpretation and argument. Until now, Conventional CSR has been growing continuously and integrating different approaches, depending on circumstances and needs. Generally, corporate social responsibility is about companies having responsibilities and taking actions beyond their legal obligations and economic/business aims.⁹ There are many available definitions of CSR. However, in both the corporate and the academic world there is uncertainty as to how CSR should be defined.

Hassan and Harahap explain in his article, exploring corporate social responsibility disclosure: the case of Islamic banks, "While there is no single, commonly accepted definition of CSR, it generally refers to business decision making linked to ethical values, compliance with legal requirements, respect for people, involvement in social activities, communities, and the

⁸ Mohamed Kirat, 'Corporate Social Responsibility in the Oil and Gas Industry in Qatar Perceptions and Practices', *Public Relations Review*, 41.4 (2015), 438–46 <https://doi.org/10.1016/j.pubrev.2015.07.001>

⁹ Gerlinde Berger-Walliser and Inara Scott, 'Redefining Corporate Social Responsibility in an Era of Globalization and Regulatory Hardening', *American Business Law Journal*, 55.1 (2018), 167–218 <https://doi.org/10.1111/ablj.12119>

environment".¹⁰ McGuire (1963) defines CSR as "The idea of social responsibility supposes that the corporation has not only economic and legal obligations, but also certain responsibilities to society such as protecting the environment, caring for employees, being ethical in trading, and getting involved in the local community". Thus, it appears that CSR is concerned on the obligation of the managers to choose and act in ways that benefit both the interests of the organisation and those of the society as a whole".¹¹

While, Robert Davies simplifies CSR as a standards of behaviour to which a corporation subscribes in order to have a positive and productive impact on society. In other words, it is the framework for the role of business in society. However, one of the arguments that against the concept of CSR are due to the business is not prepared to handle social activities. This position holds that managers are oriented towards finance and operations and do not have the necessary expertise (social skills), to make socially oriented decisions.¹² The adoption of CSR in business would divert the business from its proper aim and lead it into fields that are unrelated to its core objectives. Additionally, some critics argue that by pursuing CSR, businesses may make themselves less competitive globally.

However, the advocates of CSR argue that businesses should engage in it because the public strongly supports it. Ashraf identified several driving forces behind the growing trend towards CSR.¹³ Firstly, growing market pressure, wherein customers, employees, or capital markets believe that businesses should be responsible to their workers, communities, and other stakeholders, even if it requires companies to sacrifice some profits.¹⁴ The public now pays attention not only to traditional price and brand but also to social and ethical issues that affect market performance. Secondly, increased regulatory pressure ranging from reporting requirements to government regulations that introduce compulsory business standards by which companies of all sizes must abide.¹⁵ Thirdly, increased communication power, such as the internet, electronic media, and other platforms, that enable consumers and pressure groups like social activists, non-governmental organizations (NGOs), and trade unions to scrutinize companies' activities more effectively and develop strategies that may influence companies to act in a socially responsible way. Fourthly, companies believe they can secure a competitive advantage by being socially responsible. They foresee that by effectively communicating their social, environmental, and economic contributions, they can strengthen their brand, enhance their corporate reputation with customers and suppliers, and attract and retain a committed and skilled workforce.

¹⁰ Mohd Shukor Harun and others, 'CSR Disclosure, Corporate Governance and Firm Value: A Study on GCC Islamic Banks', *International Journal of Accounting & Information Management*, 28.4 (2020), 607–38 <https://doi.org/10.1108/IJAIM-08-2019-0103>

¹¹ Mauricio Andrés Latapí Agudelo, Lára Jóhannsdóttir, and Brynhildur Davídsdóttir, 'A Literature Review of the History and Evolution of Corporate Social Responsibility', *International Journal of Corporate Social Responsibility*, 4.1 (2019), 1 <https://doi.org/10.1186/s40991-018-0039-y>

¹² Robert L. Engle, 'Corporate Social Responsibility in Host Countries: A Perspective from American Managers', *Corporate Social Responsibility and Environmental Management*, 14.1 (2007), 16–27 <https://doi.org/10.1002/csr.114>

¹³ Muhammad Abdullah, Samra Ashraf, and Muddassar Sarfraz, 'The Organizational Identification Perspective of CSR on Creative Performance: The Moderating Role of Creative Self-Efficacy', *Sustainability*, 9.11 (2017), 2125 <https://doi.org/10.3390/su9112125>

¹⁴ Kayondo Denis Mukasa, Hyunwoo Lim, and Kyungho Kim, 'How Do Corporate Social Responsibility Activities Influence Corporate Reputation? Evidence From Korean Firms', *Journal of Applied Business Research (JABR)*, 31.2 (2015), 383 <https://doi.org/10.19030/jabr.v31i2.9119>

¹⁵ Qinqin Zheng, Yadong Luo, and Vladislav Maksimov, 'Achieving Legitimacy through Corporate Social Responsibility: The Case of Emerging Economy Firms', *Journal of World Business*, 50.3 (2015), 389–403 <https://doi.org/10.1016/j.jwb.2014.05.001>

3.2 The Concept of Corporate Social Responsibility from an Islamic Perspective

At present, there are few studies discussing the Islamic view on CSR from various perspectives. Al-Maghribi in his book concludes that CSR is obligatory on each Muslim community to implement it in society in any field.¹⁶ According to Yusuf, a study conducted by Ekawati was to explore the concepts *zakat*, CSR and community development while the concept of CSR in Islam concludes that social responsibility in Islam is built on four basic principles; unity, justice, free will and responsibility. Furthermore, Wan Jusoh, discuss on the status of CSR concept and the accountability of Islamic bank as a legal entity in performing CSR from an Islamic point of view.¹⁷ Zafar discusses the concept of CSR from the Islamic worldview within the context of based on *taqwa* (God-consciousness) paradigm.¹⁸ Dusuki and Irwani disclose the effects of *maqasid syari'ah* (Islamic law purposes) and *maslahah* (public interest) to the concept of CSR.¹⁹ Using the approach of *maqasid syariah* and *maslahah*, CSR practices are divided into three categories; essentials (*dharuriyyah*), necessary (*hajiyyah*) and luxury (*tahsiniyyah*). Three categories of *maslahah* can be used by corporate or management to consider the facts and situation changes when implementing CSR which also provide a better framework for managers in dealing with conflicts of interest that may arise from stakeholders.

Although the verses of Qur'an and the hadith do not directly refer to CSR but there are many verses in the Qur'an and hadith which explain the obligations of individuals to bear the needs of others. Precisely, Islam is the way of life. Islam requires both individuals and organisations to be guided in the development of a moral self that may differentiates between right and wrong and never loses sight of its responsibilities towards God and mankind. Generally, social responsibility in Islam is can be clearly seen from the Prophet's hadith: 'Abdullah ibn 'Umar reported: The Messenger of Allah, peace and blessings be upon him, said, "Every one of you is a shepherd and is responsible for his flock. The leader of the people is a guardian and is responsible for his subjects: a man is the guardian of his family and is responsible for his subjects, a woman is the guardian of her husband's home and of his children and is responsible for them, and the slave of a man is a guardian of his master's property and is responsible for it. Surely, every one of you is a shepherd and responsible for his flock."²⁰ (Sahih Bukhari, No. 7138, 1229).

Based on the above hadith, it shows that every individual is responsible towards others regardless of his/her position. Islam had shown to us the beautiful system in that manner in order to safeguard every individual interest and consequently the rights of each party able to be protected.²¹ Farooq had identified that the three major foundational principles for Islamic Corporate Social Responsibility are the vicegerency of mankind on earth, divine accountability and the duty on mankind to enjoin good and forbid evil, as above and beyond the duty of Man

¹⁶ Aleksander Paroń and Thomas Anessi, 'Structures and Forms of Existence', in *The Pechenegs: Nomads in the Political and Cultural Landscape of Medieval Europe* (BRILL, 2021), pp. 127–239 https://doi.org/10.1163/9789004441095_006

¹⁷ Wan Noor Hazlina Wan Jusoh, Uzaimah Ibrahim, and Mohammad Deen Mohd. Napiah, 'An Islamic Perspective on Corporate Social Responsibility of Islamic Banks', *Mediterranean Journal of Social Sciences*, 2015 <https://doi.org/10.5901/mjss.2015.v6n2s1p308>

¹⁸ Muhammad Bilal Zafar and Ahmad Azam Sulaiman, 'CSR Narrative under Islamic Banking Paradigm', *Social Responsibility Journal*, 17.1 (2021), 15–29 <https://doi.org/10.1108/SRJ-09-2018-0230>

¹⁹ Muneer M. Alshater and others, 'Influential and Intellectual Structure of Islamic Finance: A Bibliometric Review', *International Journal of Islamic and Middle Eastern Finance and Management*, 14.2 (2021), 339–65 <https://doi.org/10.1108/IMEFM-08-2020-0419>

²⁰ Juliyana Junaidi, Latifah Abdul Majid, and Mohd Arif Nazri, 'The Role of Quran and Sunnah in Solving Leadership Failure', *Abqari Journal*, 27 (2022), 1–12 <https://doi.org/10.33102/abqari.vol27no1.527>

²¹ 'Islamic Banking and Income Inequality: The Role of Corporate Social Responsibility', *Jurnal Ekonomi Malaysia*, 54.2 (2020) <https://doi.org/10.17576/JEM-2020-5402-7>

to worship to Allah and performing good deeds to another person as his brother.²² Man was created by Allah to be the vicegerent in this world: "It is He who hath made you (His) agents, inheritors of the earth: He hath raised you in ranks, some above others: that He may try you in the gifts He hath given you: for thy Lord is quick in punishment: yet He is indeed Oft-forgiving, Most Merciful." [Qur'an, Al-An'am: 165]²³

Hence, Man is entrusted with *amanah* (trust) of becoming Allah's *khalifah* and he has a duty and certain responsibilities to administer this world in accordance with the law that He has prescribe to ensure the justice is constantly upheld.²⁴ Being a *khalifah*, Muslims must always concede that Allah is the only God that deserve to worship and that all possessions, wealth, expertise, abilities, positions and power belong to Allah as mentioned in Quran: "To Him belongs what is in the heavens and on earth, and all between them, and all beneath the soil." [Qur'an, Taha: 6]²⁵

Subsequently, Muslim's social responsibility is to manage these possessions to the best of their abilities with intention of creating benefit to the community.²⁶ They are not supposed to cause corruption in any form on earth (i.e. the society and the environment). Basically, there are a lot of verses in the Quran that prescribes the duty of the Muslim as a Vicegerent of Allah that supposed to be socially responsible towards the society.²⁷ Consequently, it appears that the social responsibility concept has been embedded in Muslims way of life as early as Islam itself.²⁸

Muslims are commanded to worship Allah as the only God to perform '*ibadah*. "Serve Allah, and join not any partners with him ..." [Qur'an, al-Nisa': 36] "... He said: "O My people! Worship Allah! Ye have no other god but Him ..." [Qur'an, al-A'raf: 59] Besides, the most essential reason behind the creation of mankind is to worship Allah the Supreme which is by way of performing '*ibadah* (ritual worship): "I have only created jinns and men, that they may serve Me." [Qur'an, Al-Zariyat: 56] According to some Islamic scholars, such as Ibn Taymiyyah and al-Qaradhawi, '*ibadah* is not limited to ritual worship but includes all actions that please Allah and are done with good intention.²⁹ Ibn Taymiyyah defined '*ibadah* as "a collective term for everything which Allah loves and is pleased with from among the sayings

²² Ahmad Ali Jan, Fong-Woon Lai, and Muhammad Tahir, 'Developing an Islamic Corporate Governance Framework to Examine Sustainability Performance in Islamic Banks and Financial Institutions', *Journal of Cleaner Production*, 315 (2021), 128099 <https://doi.org/10.1016/j.jclepro.2021.128099>

²³ Mohd Haniff Zainuddin, Tze Kiat Lui, and Kwang Jing Yii, 'Principal-Agent Relationship Issues in Islamic Banks: A View of Islamic Ethical System', *International Journal of Islamic and Middle Eastern Finance and Management*, 11.2 (2018), 297–311 <https://doi.org/10.1108/IMEFM-08-2017-0212>

²⁴ Junaid Qadir and Asad Zaman, 'Sustainable Development Viewed from the Lens of Islam', *International Journal of Pluralism and Economics Education*, 10.1 (2019), 46 <https://doi.org/10.1504/IJPEE.2019.098181>

²⁵ Zuhairah Ariff Abd Ghadas and others, "'Social Corporation" The Sharia Business Entity Model: A Corporate Structure with Embodied CSR', *International Journal of Academic Research in Business and Social Sciences*, 8.12 (2019) <https://doi.org/10.6007/IJARBS/v8-i12/5259>

²⁶ Satish Kumar and others, 'Religion as a Social Shaping Force in Entrepreneurship and Business: Insights from a Technology-Empowered Systematic Literature Review', *Technological Forecasting and Social Change*, 175 (2022), 121393 <https://doi.org/10.1016/j.techfore.2021.121393>

²⁷ Gerda Barauskaite and Dalia Streimikiene, 'Corporate Social Responsibility and Financial Performance of Companies: The Puzzle of Concepts, Definitions and Assessment Methods', *Corporate Social Responsibility and Environmental Management*, 28.1 (2021), 278–87 <https://doi.org/10.1002/csr.2048>

²⁸ Tahir Islam and others, 'The Impact of Corporate Social Responsibility on Customer Loyalty: The Mediating Role of Corporate Reputation, Customer Satisfaction, and Trust', *Sustainable Production and Consumption*, 25 (2021), 123–35 <https://doi.org/10.1016/j.spc.2020.07.019>

²⁹ Mohammad Omar Farooq, 'Muhammad Ibn Abdul Wahhab's Kitab at-Tauhid: Nature, Scope and Impact', *SSRN Electronic Journal*, 2020 <https://doi.org/10.2139/ssrn.3614819>

and inward and outward actions."³⁰ He also stated that enjoining good and forbidding evil are part of 'ibadah. Similarly, al-Qaradhawi explained that any beneficial social works can be considered 'ibadah as long as they are performed with good intention (Ibn Taymiyyah, 2005; al-Qaradhawi, 1985).

A *khalifah* possess a role as a propagator (*da'i*) to enjoin good and forbid evil (*al-amr bi al-ma'ruf wa al-nahy 'an al-munkar*) In one verse mentioned in the Quran, "Let there arise out of you a band of people inviting to all that is good, enjoining what is right, and forbidding what is wrong: They are the ones to attain felicity." [Qur'an, Ali 'Imran: 104] Enjoining good and forbidding evil is a fundamental principle in Islam and a mandatory duty for every Muslim.³¹ The attainment of happiness in both the worldly life and the hereafter is contingent upon the adherence to this command. Therefore, it is incumbent upon all Muslims to call for good and forbid evil.³² In light of this, any social responsibility initiative that aims to promote Islam as a way of life is an integral part of enjoining good and forbidding evil.³³ By fulfilling their social responsibility, Muslims are fulfilling the concept of enjoining good and forbidding evil, which is considered an act of 'ibadah, and they will be rewarded accordingly. This is the role of a *khalifah* in establishing Islam on earth.³⁴

A *khalifah* owed a duty towards his or her brother. Muslims should help each other because there are brothers, as Allah says:

"The believers are but a single brotherhood..." [Qur'an, Al-Hujurat: 10] Allah also commands Muslims to cooperate and help each other in righteousness and do not collaborate in sin:

"Help ye one another in righteousness and piety, but help ye not one another in sin and rancour..." [Qur'an, Al- Ma'idah:2]

Helping a Muslim brotherhood is a social responsibility as a Muslim thus impliedly, he has done a good deed ('amal salih) which means everything that is done for a good cause and to act in accordance with Allah's pleasure to get Allah's blessing., Allah says that those who do good deeds are the best of created beings:

"Those who have faith and do righteous deeds, they are the best of creatures." [Qur'an, Al-Bayyinah: 7] "Those who believe and work righteousness, for them is forgiveness and a sustenance most generous." [Qur'an, Al- Haj:50]

Obviously social responsibility is a splendid concept and a noble practice which is required in Islam, even has been embedded in Islamic teaching fundamentally. In fact, for those who apply social responsibility for the sake of Allah and are done in a right way, they will be rewarded. Undoubtedly, the *khalifah* concept is a general concept that can be applied to all-natural persons including businessmen.

³⁰ Solahuddin Abdul Hamid, Azizah Othman, and Mohd Shukri Hanapi, 'Development of Entrepreneurship's Ethics from Islamic Perspective', *International Journal of Academic Research in Business and Social Sciences*, 9.3 (2019) <https://doi.org/10.6007/IJARBS/v9-i3/5717>

³¹ Zafar and Sulaiman.

³² Mahamudul Hasan, 'Social Marketing: An Islamic Perspective', *Journal of Islamic Marketing*, 11.4 (2019), 863–81 <https://doi.org/10.1108/JIMA-12-2016-0105>

³³ Jashim Uddin Ahmed and others, 'Corporate Social Responsibility in the Wake of COVID-19: Multiple Cases of Social Responsibility as an Organizational Value', *Society and Business Review*, 16.4 (2021), 496–516 <https://doi.org/10.1108/SBR-09-2020-0113>

³⁴ Miftachul Huda and others, 'Strengthening Divine Values for Self-Regulation in Religiosity: Insights from Tawakkul (Trust in God)', *International Journal of Ethics and Systems*, 35,3 (2019), 323-344, IJOES-02-2018-0025 <https://doi.org/10.1108/IJOES-02-2018-0025>

3.3 CSR in the Context of *Maqasid Al-Syariah* and *Maslahah*

The Syariah perspective of CSR can also be understood by looking into the principles that have been established in the context of *Maqasid al-Syariah* and *Maslahah*.

3.3.1 CSR in the Context of *Maqasid al-Syari'ah*

The feature of CSR has its place in Islamic jurisprudence since establishment of social justice and serving public interests are some of the important means of attainment of the *Maqasid al-Syari'ah*. To reiterate this, the Qur'an in Baqarah:177 stated that Righteousness is not facing East or West, but believing in Allah and doing good deeds such as prayer, charity, fulfilling contracts, and being patient in adversity.³⁵

It is obvious that all responsibilities mentioned in the verse including helping relatives, orphans, poor, needy, wayfarers, and freeing of captives all are relevant to the CSR.³⁶ The term *Maqasid* is derived from a verb *qasada* which means the goals and purposes. *Maqasid* itself means goals or objectives and when such term is attached to the word *Syari'ah* it specifically refers to goals or objectives of *Syari'ah*. According to Imam al-Ghazali, the objective of the *Syari'ah* is to promote the well-being of all mankind, which lies in safeguarding their faith (*din*), their human self (*nafs*), their intellect (*ʿaql*), their lineage (*nasl*) and their wealth (*mal*)³⁷

The goal of sacrifice or good deeds according to Allah (S.W.T) is the sincerity and *Taqwa* (piety). In other words, it can be said that activities of CSR should be based on sincerity and piety. However, as is seen in the above verse, all undertakings must be done to please Allah (S.W.T), which is the common requirement for any good deed in Islam.³⁸ Therefore, corporations and all business entities in an Islamic state should render their community service only for the sake of the God. The Prophet Muhammad (S.A.W) highlights the importance of giving rather than taking and everyone should do charity especially when one is self-sufficient.³⁹

3.3.2 CSR in the Context of *Maslahah*

The term *Maslahah* is derived from a verb '*saluha*' which denotes a good, right, just or honest person or thing. The plural of *Maslahah* is '*Masalih*' which means welfare, interest or benefit. Thus *Maslahah* can be translated as benefit or interest.⁴⁰ Imam al-Ghazali defines *Maslahah* as not just acquiring benefits or preventing harm, which are merely human goals for the welfare of people.

According to Hassan (2012), Al-Shatibi defined *Maslahah* as a principle that concerns the subsistence of human life, the completion of one's livelihood, and the acquisition of what

³⁵ Wan Noor Hazlina Wan Jusoh, Uzaimah Ibrahim, and Mohammad Deen Mohd. Napiyah, 'An Islamic Perspective on Corporate Social Responsibility of Islamic Banks', *Mediterranean Journal of Social Sciences*, 6.2 (2015), 308-315 <https://doi.org/10.5901/mjss.2015.v6n2s1p308>

³⁶ Zuhairah Ariff Abd Ghadas and others, "'Social Corporation" The Sharia Business Entity Model: A Corporate Structure with Embodied CSR', *International Journal of Academic Research in Business and Social Sciences*, 8.12 (2019), Pages 1569-1578 <https://doi.org/10.6007/IJARBS/v8-i12/5259>

³⁷ Syahiza Arsad and others, 'Islamic Corporate Social Responsibility Disclosure Index: The Application of Maqasid Shari'ah and Maslahah', *International Journal of Academic Research in Business and Social Sciences*, 12.7 (2022), Pages 1038-1058 <https://doi.org/10.6007/IJARBS/v12-i7/14331>

³⁸ Dalila Daud, 'The Role of Islamic Governance in the Reinforcement Waqf Reporting: SIRC Malaysia Case', *Journal of Islamic Accounting and Business Research*, 10.3 (2019), 392-406 <https://doi.org/10.1108/JIABR-01-2017-0008>

³⁹ Ahmet Suayb Gundogdu, 'Poverty, Hunger and Inequality in the Context of Zakat and Waqf', *Darulfunun Ilahiyat*, 30.1 (2019), 49-64 <https://doi.org/10.26650/di.2019.30.1.0005>

⁴⁰ Munadi Munadi and Budi Iswanto, 'The Concept Maslahah of Najamuddin Al Tufi and It's Relevance of Sharia Business', *IQTISHODUNA: Jurnal Ekonomi Islam*, 9.2 (2020), 153 <https://doi.org/10.36835/iqtishoduna.v9i2.526>

his/her emotional and intellectual qualities require of him/her in an absolute sense. According to al-Shatibi and some contemporary Muslim scholars, *Maslahah* is divided into three types such as: *Daruriyyat* (the essentials), *Hajiyyat* (the complementary), and *Tahsiniyyat* (the embellishments)⁴¹

The essentials are the self-interests upon which people essentially depend, such as faith, life, intellect, posterity, and wealth. According to, these elements are by definition absolutely necessary for the proper functioning of a person's religious and mundane affairs, to the extent that their destruction and collapse would precipitate chaos and the collapse of society's normal order.⁴² Thus, protecting them reflects the effective way of preserving the *Syari'ah*, as outlined in its objectives. The application of *Daruriyyat* in CSR is to preserve and protect stakeholder's essential needs (religion, life, intellect, posterity and property) and public good in general for example by providing them adequate prayer rooms, safety and healthy workplace to employees.⁴³

The complementary interests supplement the essentials and refer to those interests that, if neglected, would lead to hardship but not to the total disruption of life's normal order. In other words, they are needed to alleviate hardship so that life may be free from distress and predicament.⁴⁴ An example is seen in the sphere of economic transactions, where the *Syari'ah* validates such contracts as forward buying (*Salam*) and lease and hire (*Ijarah*), because people need them, notwithstanding a certain anomaly attendant in both. The application of *Hajiyyat* in CSR is to remove difficulties that may not pose a threat to the normal order's survival for example by providing training and enhancement human quality programs.

The embellishments refer to those interests that, if realized, would lead to refinement and perfection in the customs and conduct of people at all levels of achievement. For example, the *Syari'ah* encourages charity (beyond the level of *zakah*) to those in need and, in customary matters and relations among people, urges gentleness, pleasant speech and manner, and fair dealing. The application of *Tahsiniyyat* in CSR is to engage in activities or programs that may lead to the improvement and perfection of public life for example by giving charity or donation to the poor and needy and offering scholarships.

4. Conclusion

The principles of *Maqasid* and *Maslahah*, reflected that Islam emphasizes on the importance of considering public interests rather than merely individual interests. This is seen in the advancement for the good of the public in detriment of an individual as well as the categorization of the three levels of interests by their importance. They provide a framework for making decisions and a mechanism for adapting to change, especially for corporations willing to commit to CSR. Perhaps these principles can further contribute to delineating the role of corporations in terms of their CSR. They also offer guidelines for moral judgment on

⁴¹ Ahmad Usman Shahid, Chris Patel, and Peipei Pan, 'Corporate Social Responsibility, Intrinsic Religiosity, and Investment Decisions', *Journal of Behavioral and Experimental Finance*, 34 (2022), 100650 <https://doi.org/10.1016/j.jbef.2022.100650>

⁴² Moh Dahlan and others, 'The Islamic Principle of *Hifz Al-Nafs* (Protection of Life) and COVID-19 in Indonesia: A Case Study of Nurul Iman Mosque of Bengkulu City', *Heliyon*, 7.7 (2021), e07541 <https://doi.org/10.1016/j.heliyon.2021.e07541>

⁴³ Saunah Zainon and others, 'New Improved Reporting Index of Corporate Social Reporting for Shariah-Compliant Companies', *Procedia - Social and Behavioral Sciences*, 145 (2014), 146–51 <https://doi.org/10.1016/j.sbspro.2014.06.021>

⁴⁴ Nurul Muna Mohamad and others, 'Islamic Banking and Income Inequality: The Role of Corporate Social Responsibility.' *Jurnal Ekonomi Malaysia*, 54.2 (2020), 77–90 <http://dx.doi.org/10.17576/JEM-2020-5402-7>

the part of managers and other stakeholders, particularly in solving conflicts that may arise when pursuing CSR. In summary, the concept of *Maslahah* indicates the need for corporations to engage in and manage their businesses and CSR activities according to priorities that have evolved from a deep understanding of the *Syari'ah's* objectives such that those activities are done in a way that is in accordance with the different levels of importance and the severity of its effect. The implication of this therefore is that adoption of the concept of CSR invariably implies implementing the noble objectives of *Syari'ah*. It can be said in the light of above discussion that Islamic institutions or shariah corporation are actually protecting five elements of *Maslahah* by promoting CSR. The shariah corporation which are adopting this concept have the potential of not only complying with the letter of *Syari'ah* but also fulfilling the true spirit and *Syari'ah's* objectives.

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