

Towards sustainable success through corporate social responsibility disclosure: an Islamic approach

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Submission date: 02-Nov-2023 03:13PM (UTC+0700)

Submission ID: 2214817678

File name: IJGE70107_Sartini_published.pdf (234.08K)

Word count: 8126

Character count: 44204

Towards sustainable success through corporate social responsibility disclosure: an Islamic approach

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Abstract: The concept of Corporate Social Responsibility (CSR) in the West teaches that companies are not only responsible to their shareholders, through profit making, but that they also have a corporate social responsibility to the other stakeholders as well as society overall. In some ways, this concept is likely to be consistent with the concept of *tawhid* (oneness of God) and *maqasid al shariah* (objectives of *shariah*) in Islam. This paper is intended to discuss the concept of *tawhid* and *maqasid al shariah* and to explore possible implementation of those concepts into CSR. It finally observes that the concept of *tawhid* provides a philosophical and practical foundation for CSR including its definition, its objectives as well as to whom the responsibility should be addressed. The concept of *maqasid al shariah* advises the practical operation of CSR including what type of responsibilities should be addressed by companies and how the responsibilities should be carried out. Thus, both concepts provide moral and practical guidelines on what CSR is, as well as why and how CSR should be discharged.

Keywords: Islam; corporate social responsibility disclosure; sustainable success; green economics; sustainability reporting; *tawhid*; *maqasid al shariah*.

Reference to this paper should be made as follows: Wardiwyono, S. (2013) 'Towards sustainable success through corporate social responsibility disclosure: an Islamic approach', *Int. J. Green Economics*, Vol. 7, No. 1, pp.86–101.

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This paper is a revised and expanded version of a paper entitled 'Toward sustainable success through corporate social responsibility disclosure: an Islamic approach' presented at the 'Indonesian Scholars International Convention 2012', London, 9–11 November 2012.

1 Introduction

Islam is not only a religion. It is a way of life that has its own system of ethics, values and principles called *shariah Islamiyyah* or usually stated in a short form as *shariah*. It consists of a complete set of guidelines derived from the *Quran* and *Hadits*. *Shariah* does not only govern the personal and spiritual aspects of life (*ibadah*), but also governs all other aspects of life including transactions (*muamalah*) and moral virtues (*akhlak*). To achieve *mardhotillah* (God's pleasure) and *falah* (the wellbeing/success in the world and in the hereafter), Muslims have to follow and implement *shariah* in every part of their life.

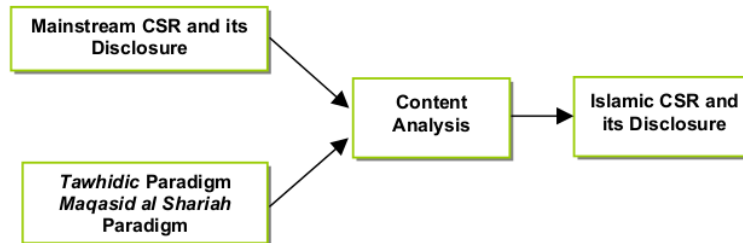
Since the end of the Second World War when most of countries with majority Muslim populations became politically independent, Muslims' quest for following and implementing *shariah* in all aspects of life has been increasing. This Islamic resurgence at the time drove the attention of many Muslim scholars to cultivate the richness of Islam in order to facilitate the desire of Muslims to follow and implement *shariah* in their life, as well as to find possible solutions for socioeconomic problems resulting from the colonisation eras. In the 1960s, the increasing quest for Islamisation of knowledge and the call for an Islamic economic system produced a significant development in institutions that were being operated based on Islamic economic principles. Those Islamic economic principles are the prohibition of *riba* (interest), prohibition of *gharar* (uncertainty), prohibition of *maisir* (gambling) and prohibition in producing or distributing food, drink, or morally harmful items that contradict with Islamic values (Chapra, 2000).

Although the first stage of the development of Islamic economic institutions focused more on Islamic financial institutions such as Islamic banks and Islamic insurance, the need for the existence of companies other than Islamic financial institutions also increased. *Shariah* approved companies (SAC hereafter), which are companies whose operations are conducted in accordance with Islamic economic principles, are needed to facilitate Muslim investors as well as Islamic institutions in investing their funds in ways that do not contradict with *shariah*. More importantly, those companies are needed to play important role, which is to promote *falah* (sustainable success in the world and in the hereafter) not only for their stakeholders but also for the whole of society. In doing so, those companies need a tool to help them in fulfilling those responsibilities.

Considering that Islam has its own system of ethics, values and principles that must be followed by every Muslim and Islamic institution, the model must be developed based on *shariah*. This study, therefore, is intended to explore the concept of CSR from an Islamic perspective in order to formulate an Islamic CSR and its disclosure model that can be used as a tool to help companies in fulfilling their responsibilities. It is a conceptual attempt to discuss CSR and its disclosure from the Islamic perspective. In exploring and formulating the model, the current study utilises two important paradigms in Islam. The first one is *tawhid*, which is the very basic foundation of Islam and the second one in *maqasid al shariah*, which is the important theme of *shariah* and the major rationale of why every Muslim has to follow *shariah Islamiyyah*. Figure 1 illustrates the analytical framework that can be used to formulate an Islamic CSR framework and its disclosure. The figure indicates that this study is a conceptual attempt to discuss CSR and its disclosure from the Islamic perspective. Hence, it is qualitative in nature. A content

analysis method is applied through intense reading of the previous texts and literature in relation with the topic. Both deductive and inductive methods, as well as an analytical method (9) applied to thoroughly examine and analyse the relevant literature and to develop the relationship between *tawhid* and *maqasid al shariah* within the mainstream framework of CSR and its disclosure.

Figure 1 Analytical framework (see online version for colours)



The rests of this study is organised as follows. ¹ Firstly, the concept of *tawhid* and *maqasid al shariah* is discussed in Section 2. Secondly, the discussion of the CSR concept and the implementation of *tawhid* and *maqasid al shariah* on CSR are provided in Section 3. Thirdly, Section 4 discusses a proposed ³ Islamic CSR disclosure model as the main finding of this paper. And lastly, Section 5 provides the conclusion of the paper.

2 The concepts of *tawhid* and *maqasid al shariah*

¹ The approach to develop the CSR concept and its disclosure from an Islamic perspective in this study is combined from two important par²adigms in Islam, which are the *tawhidic* paradigm and the *maqasid al shariah* paradigm. The term paradigm can be defined as a pattern of scientific thinking about truth through various observations and experiment (Choudhury, 1997). Therefore, in developing the Islamic CSR concept and its disclosure, this study applies the pattern of scientific thinking about truth that has been outlined by previous Islamic scholars and thinkers especially the truth about the concepts of *tawhid* and *maqasid al shariah*.

2.1 *Tawhid* and its implementation

Literally, *tawhid* means unification (making something one) or asserting oneness¹ (Philips, 2005). In English, it is usually translated as oneness of God. This concept is the core of Islamic faith that is most precisely expressed¹ by the formula of *La ilaha illa Allah* (there is no God but Allah¹). It recognises Allah as the sole creator of all beings and the owner of everything. Sarif and Ismail (2011) add that *tawhid* is an important matter in Islamic faith because it relates to the declaration of faith, a statement that requires people to tune their thinking, understanding, feeling, action and decision towards it.

Ibnu Taymiyyah as quoted by many scholars such as Ghazali (1990) and Faruqi (1992) said that the concept of *tawhid* is built upon on the two basic elements which are *tawhid rububiyah* (the oneness of the Lordship of God) and *tawhid uluhiyyah* (the oneness of worship of God). The concept of *tawhid rububiyah* and *tawhid uluhiyyah* has implications for the roles of human beings. It signifies that human beings have been created for two important roles, which are as a servant of God (servantship/ *abd Allah*) and as a representative of God in the earth (vicegerent/*khalifah*). Kamali (2010) states that as a God's servant, man must be passive towards God and the recipient of the grace that flows from the world above, whereas as a vicegerent, a man must be active in the world to nurture and to care for the environment in which he plays the central role. The concept of *tawhid* also gives the degree and the quality of actions as well as elevates the spirit of relationship between human beings and God, human beings and other human beings, and human beings with the environment.

The roles of human beings as servants and as vicegerents further imply that human beings have two types of relationships in their entire lives. These relationships are transcendental relationship as an implication of the concept of man as a servant and horizontal relationship as an implication of the concept of man as vicegerent. The former is actually the relationship between human beings and *Allah Swt (hablun minnallah)*, and the latter consists of the relationship between human beings and other human beings (*hablumminnaas*) as well as human beings and the environment.

As a servant of God, human beings have to maintain his/her relationship with Him. It is strongly built from the spirit of the five pillars of Islam (*islam*) and the six pillars of faith (*iman*) and must be free from any mediators (Abdalati, 1998). This is clearly stated in the Quran Surah 64:4, "He knows what is within the heavens and on the earth and knows what you conceal and what you reveal: Allah knows well the (secret) of (all) hearts." The implication of this verse is that Muslims must aware that God is always watching them (*ihsan*), so they have to obey and observe His regulation and requirements in all aspects of their life.

As a *khalifah*, human beings have a responsibility to maintain a good relationship with other fellow human beings as well as with the environment. The relationship between human beings and other fellow human beings is guided by the proper relationship with God. It should be inspired by Islamic virtues such as truthfulness, righteousness, tolerance, humility and other moral virtues that can be gained from the understanding of *tawhid* as explained by Mawdudi (1960). Abdalati (1998) adds that a Muslim has to develop a good sense of social consciousness and nourish a feeling of human response. The concept of man as *khalifah* (vicegerency) places upon mankind the responsibility to safeguard the right of his fellow humans (Kamali, 2010). The concept of *khalifah* also ascertains the importance of brotherhood (*ukhuwwah*) concept in Islam. As stated by Naqvi (1981), brotherhood in Islam makes Muslims responsible to each other and demands Moslem society to take care of the basic needs of the orphan and the poor.

Turning to the relationship between human beings and the environment, the word 'environment' here has a broad meaning referring to all other aspects and entities other than human beings such as land, plants, animals, water, air, and any other inhabitants. According to Islam, human beings have the right to utilise all the natural resources provided in the environment that has been granted by God in order to achieve *falah* (well-being). However, this utilisation must be socially responsible. The utilisation of the

environment to fulfil the biological and ecological needs of mankind should not be at the expense of the needs of other living creatures. Human beings as *khalifah* bear a responsibility to protect and preserve the environment including its natural resources. Kamali (2010) adds that the concept of vicegerency (*khalifah*) awarded to human beings, individually and collectively, gives them a mission and responsibility to build the earth and harness its resources with moderation and care for its ecological balance. From Kamali's study summarised from the *Qur'an* and *Sunnah*, it could be concluded that a human being has four responsibilities towards the environment: Firstly, responsibility to build the earth (*i'mar al Ard*); secondly responsibility to keep the balance of the earth; thirdly, responsibility to maintain the beauty and the cleanliness of the earth; and lastly, responsibility to avoid any violation and abuse of the earth. The earth abuse and violation that must be avoided by mankind includes mischief making and corruption (*fasad fil 'ard*), being extravagance (*israf*) and creating waste (*tabdhir*) as well as the infliction of harm. Kamali (2010) further explains that the concept of vicegerency is guided in turn by the principles of trusteeship (*amanah*), moderation (*i'tidal*) and justice (*'adl*).

2.2 *Maqasid al shariah and its implementation*

Maqasid al shariah comes from the Arabic words of *maqasid* and *shariah*. The term of *maqasid* has similar meaning of objectives or goals in English, whereas the term of *shariah* has broad definition. Sardar (2003) explains that *shariah* is a system of ethics and values that do not only cover the personal spiritual aspect but also govern all aspects of life such as economics, political, social and intellectual. In *shariah*, the ethics and values pertaining to the fundamentals of Islam including *aqeedah* (creed), *ibadah* (worship) and *akhlak* (moral virtues, morality and ethics) remain unchanged but its manifestation in secondary areas such as economic, politic and other worldly activities could be adjusted to change according time and space (Kamali, 2008). Dusuki and Abdullah (2007) add that *shariah* reflects a holistic view of Islam covering a complete and integrated code of life encompassing all aspect of life, as individual or social, both in this world and the hereafter. It reveals what is good and bad, what is beneficial or useful and what is injurious or harmful. As a complete guideline for an Islamic way of life, *shariah* has two main sources. Zuhayli (2002) summarises that the two main sources are primary sources, which are *Qur'an* and *Hadith* (deeds, sayings or tacit approval of Prophet Muhammad SAW), and secondary sources, which are *ijma'* (a concensus opinion by the majority of Muslim jurists) and *qiyas* (analogy reasoning deducted from the other three sources, especially in relation to the contemporary issues that are not mentioned directly in them).

Turning to the definition of *maqasid al shariah*, Ibn' 'Ashur as cited by Jalil (2006) defines that *maqasid al shariah* is "the observed meanings and wisdoms in every shariah rulings or most of them, whereby their observation prove that they are not specific to a type of shariah rulings". Kamali (2008) added that *maqasid al shariah* or the goals or the objectives of *shariah* is an important theme of *shariah*. He further explains that the texts in the Holy *Qur'an* are characteristically goal oriented both in their laws of civil transactions (*muamalah*) as well as devotional matters (*ibadah*). The *Qur'an* expresses the rationales, purposes and benefits of Islamic laws in numerous places and a variety of contexts. There are always rationales, goals as well as benefits for every value, doctrine or activity in Islam. Many scholars agree that most of the injunctions of *shariah* were revealed with certain objectives and reasons (Jalil, 2006).

In general, there are several opinions from Islamic jurists on what the objectives of *shariah* (*maqasid al shariah*) are. The two most famous opinions are the opinions of Imam Al Ghazali and Imam Al Shatibi (Jalil, 2006; Kamali, 2008). According to Imam Al Ghazali, the primary objective of *shariah* is to promote the well-being/sustainable success (*falah*) of mankind or social welfare or public interest (*maslahah*) by safeguarding religion (*din*), life (*nafs*), intellect (*aql*), offspring (*nasl*), and wealth (*maal*). Those five things are considered as five basic human foundations. As quoted by Ghazali (1990), Imam Al Ghazali further wrote that “everything that leads to the preservation of these five foundations is considered *maslahah*, and everything that leads to the disruption of these foundations is *mafsadah*, and its removal is *maslahah*”. Those five basic foundations must be protected as a matter of absolute priority; however, Jalil (2006) state that they are not equal in importance. Some are more important than the others, but each of them is essential. For that reason, *shariah* were given to provide guideline on how to protect them.

More than a century after Imam Al Ghazali writing, Imam Al Shatibi developed and refined the concept of *maqasid al shariah* in his best known book entitled *Al-Muwafaqaat fi Usool al-Sharia* (Shibbir, 2000; Jalil, 2006). Jalil (2006) states that *Al Shatibi* was considered as the first jurist who wrote the concept as a new independent theory. Basically, Imam Al Shatibi agreed with the concept of *maqasid al shariah* formulated by Imam Al Ghazali. He affirmed that the primary objective of *shariah* is to promote the well-being or the benefit of all mankind (*maslahah*) in relation to their affairs in the world and the hereafter. Sustainable successes in the world and in the hereafter (*falah*) become an important objective of *shariah*.

Al Shatibi developed the concept of *maqasid al shariah* by classifying the human being needs to support the *maslahah* into three different categories which are *daruriyyat* (essential), *hajiyyat* (complimentary) and *tahsiniyyat* (embellishment). He also reinforced the importance of five basic foundations of human life that had been proposed by Imam Al Ghazali by putting those foundations into his *daruriyyat* category. Based on the opinions of Imam Al Ghazali and Imam Al Shatibi, the term of *maqasid* has another name that is *masalih* (plural form of *maslahah* means public interest or social welfare or the well being of community). Kamali (2008) said that these two terms are often used interchangeably in the literature.

Thus, while the primary objective of *shariah* is to promote *falah*, *maqasid al shariah* could also be further divided into three different categories in a descending order of importance, beginning with *maqasid daruriyat* (essential goals), followed by *maqasid hajiyyat* (complimentary goals) and *maqasid tahsiniyat* (embellishment goals) (Dusuki and Abdullah, 2007; Jalil, 2006; Kamali, 2008).

Maqasid daruriyat or the essential goals of *shariah* are defined as the most important goals that must be placed in the first priority in order to achieve the *maslahah* as well as *falah*. The failure in achieving these goals may lead to the disruption of life normal order or disruption of human beings in living with safety and dignity. The five basic foundations that had been proposed by Imam al Ghazali and further developed by Imam al Shatibi fall under this category. As previously stated, those five basic foundations include religion, life, intellect, offspring and lastly wealth. The *maqasid daruriyyat* includes the protection of those five basic human foundations.

Maqasid hajiyyat or the complementary goals are goals whose accomplishment would supplement the achievement of the essential goals and whose negligence would lead to hardship that do not pose a threat to the well being of mankind. In other words, the accomplishments of *maqasid hajiyyat* are needed to alleviate hardship, so that life might be free from stress and predicament. They are needed for the protection, establishment and execution of the *daruriyyaat*.

Maqasid tahsiniyyat or the embellishment goals are the goals whose accomplishment would lead to refinement and perfection in life and whose negligence might not interrupt the well being of mankind but it might lead to the lack of comfort in life. The attainments of these goals are desirable. Examples of Islamic rulings under this category include the encouragement of Islam on maintaining cleanliness, encouragement to enhance moral virtues, and also discouraging extravagance.

3 Corporate social responsibility, *tawhid* and *maqasid al syariah*

The debate on the importance of CSR started in the 1920s noted by the increasing attention of scholars in seeking the responsibility of companies toward society and environment. However, it was in the 1960s that society began to seek for the businessmen to be more ethical, transparent and humanist (Muhammad, 2007). The mainstream accounting failure in ensuring the stability of environment and society was deemed to be a cause of environment degradation. There were conflicts in these early debates among businessmen as their worldviews were based on the Western worldview, which are more on individualism, materialism, and hedonism (Al Attas, 1991; Haneef, 1997; Sardar, 2003). Then, after much environment degradation such as pollution, gender and religion discrimination as well as poverty and unemployment, CSR has been evolving into a public issue. According to Muhammad (2007), there are four forces driving the quest for CSR in the West, which are: (1) the market pressures from customers, employees as well as from capital markets too; (2) government regulation on the disclosure of CSR activities; (3) the rapid changing of information and communication technologies that allows the public/society to monitor a company; (4) companies consciousness of the competitive advantages of CSR for company itself.

In relation to the definition of CSR, the notion of corporate social responsibility has a widespread definition. According to Beekun (1997), CSR refers to the obligations that an organisation has to protect and contribute to the society in which it functions. In addition, Dusuki and Abdullah (2007) defines CSR as denoting corporate activities beyond making profits, such as protecting the environment, caring for employees, being ethical in trading, and getting involved in the local community. Meanwhile, Hossain and Siwar (2009) describe CSR as an organisation's commitment to conduct its business in an economically, socially and environmentally sustainable manner, whilst balancing the interests of a diverse range of stakeholders. Dusuki and Humayon (2005) further explains that CSR could be divided into four major dimensions: environment dimension, human resource dimension, human right dimension and philanthropic dimension. So, by referring to these studies, we can say that CSR refers to a series of activities, policies or mechanisms through which a company is responsible for its activities, not only to its shareholders but also to the other stakeholders, community and environment.

The next discussion is about the implementation of *tawhid* and *maqasid al shariah* on CSR. Beforehand, it is important to discuss the concept of a company in Islam, in order to eliminate the confusion about the implementation of *tawhid* and *maqasid al shariah* by companies. Although the concepts of *tawhid* and *maqasid al shariah* seem to be directed to people; however, companies in Islam or usually known as shariah approved companies (SAC) are also obliged to implement these two concepts into their operation. Antonio (2003) and Sanusi (2009) state that, from the perspective of Islamic laws, SAC is classified as juridical personality (*syakhsiyah hukumiyah*). It has important roles for both economic and social life (Abeng, 1997). Muwazir and Muhammad (2006) further explain that a SAC is not only intended to satisfy material objective but it is also intended to achieve other non-material objectives such as to secure social needs. More importantly, Shaibani (1997) adds that a SAC should be undertaken to fulfil religious obligations. To achieve those objectives and to play those roles, it has a responsibility to implement the concept of *tawhid* and *maqasid al shariah* in its daily activities. In terms of CSR, the concept of *tawhid* provides philosophical and practical foundations for CSR including its objectives, its definitions as well as to whom the responsibility should be addressed, whereas the concept of *maqasid al shariah* advises the practical operation of CSR including what type of responsibilities should be addressed by SAC and how those responsibilities should be carried out.

3.1 The implication of *tawhid* on CSR

Unlike in the mainstream theory of CSR, the demand for CSR in Islam is not merely driven by the worldly requirement. Based on the concept of *tawhid*, it is also driven by the demand for fulfilling accountability, both transcendental accountability, which is accountability to God, and horizontal accountability, which is accountability to the community and the environment. The objective of CSR in Islam, therefore, is not only for demonstrating accountability to stakeholder and society, but most importantly for demonstrating accountability to God.

The acceptance of oneness of God requires that every activity undertaken by SAC must be in line with *shariah islamiyah* in order to maintain the company's relationship with The Creator (God). Seeking profit, as considered as worldly objective of company, is encouraged by Islam; however, it should be done in accordance with shariah. Even further, the concept of *tawhid*, especially in relation to the concept of the attainment level of its understanding, implies that it is not enough to simply be a *shariah* approved company, without believing that God as the ultimate owner of everything and without being aware that God is always watching every activity within company. Therefore, the concept of *tawhid* provides moral guidelines for company in its operations.

The concept of *tawhid* also signifies the role of SAC as *khalifah* (vicegerent). In addition, Antonio (2003) and Sanusi (2009) state that SAC has a juridical personality, so it also has a responsibility to implement to concept of *tawhid*, Hashim (1998) states that SAC is considered as a part of Islamic society (*ummah*). This has implications for SAC's role and responsibility in promoting social responsibility (Muwazir and Muhammad, 2006). By referring to Kamali (2008), which states that the concept of *khalifah* places upon mankind the responsibility to safeguard the right of their fellow human beings, SACs have a responsibility to safeguard the right of their stakeholders and community. As a part of *khalifah* on earth, it has to take part in maintaining harmony and peace in the community and in protecting the environment.

In maintaining harmony and peace in the community, SACs have to maintain good relationships with all of their stakeholders and their community members with truthfulness, righteous, tolerance, humility and other moral virtues as explained by Mawdudi (1960). Referring to *Qur'an Surah Al Baqarah* verse 177, in maintaining good relationship with other fellow human beings, people should give priority to the closest party with an order of priority as follows: the relatives, the orphan, the needy, the traveller and everyone who is in need. In the context of business, stakeholders could be considered as the SAC's relatives; therefore, they should be given the first priority in safeguarding their rights, starting from employees as the closest party, shareholders, customers, and suppliers/debtors. Islam provides guidelines on how to deal with each of those parties in the *Qur'an* and *Hadith*. In terms of the community, SACs have to become involved in the local community by giving first priority to the orphan followed by the poor/the needy, the traveller such as students and everyone who is in need. SACs as a part of a Moslem society have the responsibility of getting involved in caring for the basic needs of the orphan and the poor as implied by the concept of brotherhood in Islam.

Turning to the role of the SAC in protecting the environment, Islam has brief guidelines on how Muslim society, including SACs, should behave toward the environment. Similarly to human beings, SACs have the right to utilise the environment and any kind of resources in it in a way that is socially responsible. By referring to Kamali's study on the relationship between human beings and the environment in the previous discussion, SACs have four responsibilities in relation to the environment including building the environment, keeping the balance of the environment, keeping the beauty and the cleanliness of the environment and avoiding any violation as well as abuse of the environment. SACs have to avoid mischief making and corruption, extravagance and waste as well as the infliction of harm. In protecting the environment, SACs have to be aware of the principles of trusteeship (*amanah*), moderation (*i'tidal*) and justice (*'adl*).

3.2 The implication of *maqasid al shariah* on CSR

As is stated in the above discussion of the *maqasid al shariah* concepts, the ultimate objective of *shariah* is to promote well being or sustainable success in this world and in the hereafter by protecting five human's basic foundations as considered as essential needs, protecting the complimentary needs as well as protecting higher needs. This can be done through observing any activities or maintaining any values that can protect or preserve those three types of human needs as promoted and encouraged by Islam. The avoiding of any activities or values that threaten the attainment of the *maqasid al shariah* is also considered as a way to achieve the *shariah* objectives. In short, the discussion of *maqasid al shariah* signifies that human beings have to undertake any activities to achieve the *maslahah* and to avoid the *mafsadah* as guided by *shariah Islamiyyah*.

In the light of the above discussions on *maqasid al shariah*, the concept provides guidelines for SACs on what types of responsibility should be addressed by SACs and how those should be addressed. In terms of the type of responsibility to be addressed, the main responsibility of SACs is to promote the well being of their stakeholders and the community in the world and the hereafter. The concept could further determine the order of priorities in Islamic CSR and entail ranking of responsibilities into three different levels, which are essentially responsibility, complimentary responsibility and embellished responsibility.

At the first level of CSR, SACs have essential responsibilities toward its stakeholders and the community to protect and to fulfil their five basic human foundations or needs, including their religion, their life, their intellect, their offspring and their wealth. The CSR related activities or policies that could be undertaken by SACs in order to fulfil their essential responsibility in the light of *maqasid al shariah* discussion are summarised in Table 1.

Table 1 CSR related activities/policies to fulfil the essential responsibility

<i>Priority order</i>	<i>Activities/policies</i>
Protection of religion	<ol style="list-style-type: none"> 1. Providing an adequate prayer room. 2. Reserving time for performing daily prayers and Friday prayer. 3. Embracing the spirit of enjoining good and forbidding evil (<i>amar ma'ruf nahi munkar</i>) in its corporate mission.
Protection of life	<ol style="list-style-type: none"> 1. Providing adequate compensation and allowances for employees so they can live with dignity. 2. Protecting the employee's safety and health in the workplace. 3. Avoiding business activities that might endanger people's lives such as producing unhealthy products or dumping dangerous waste into the environment.
Protection of intellect	<ol style="list-style-type: none"> 1. Avoiding business activities that might endanger people's intellect (<i>aql</i>) such as producing alcohol, drugs tobacco or intoxicants for manufacturing company, or promoting pornography for services company. 2. Training or educating <i>shariah</i> awareness especially for key employees.
Protection of offspring	<ol style="list-style-type: none"> 1. Providing a workplace that is conducive for proper interactions between male and female employees according to <i>shariah</i>.
Protection of wealth	<ol style="list-style-type: none"> 1. Embracing Islamic Economic principles, which avoid <i>riba</i> (interest), avoid <i>maysir</i> (speculative), avoid <i>gharar</i> (uncertainty), and avoiding of <i>ihthikar</i> (hoarding) in seeking profit. 2. Paying the <i>zakat</i> from earnings. 3. Provide fair pay or proper policies for employee enumeration.

Moving to the second level of company responsibility to the stakeholders and community, after the fulfilment of the essential responsibility, SACs have a responsibility to fulfil the second level of CSR, namely is complementary responsibility. Although the negligence of this responsibility would not pose a threat to the well being of stakeholders and community, the fulfilment of this responsibility is needed to alleviate hardship so that life might be free from stress and predicament and to support the fulfilment of the essential responsibilities. The examples of activities or policies related to this second level of CSR are undertaking religious recitation to support the protection of religion, providing training to enhance skill and knowledge of employees in order to support the responsibility to protect the intellect, conducting sport day or providing exercise which strengthen the employee's health in order to support the protection of life, providing family allowance or providing incentives for matrimonial ceremonies to encourage employees to get married in order to support the protection of offspring.

The third level of CSR is the fulfilment of embellishment responsibility. SACs have a responsibility to discharge the third level of *shariah* objectives as it would lead to refinement and perfection in life. Although the negligence of this might not interrupt the well being of the stakeholders and community, it might nevertheless lead to a lack of comfort in their life. Dusuki and Abdullah (2007) state that giving to charity or donating to the community, providing clear information or advertisement in relation to all products are among the example of activities to discharge this responsibility. The other activities could be avoiding extravagance in the operation of the company, maintaining cleanliness in the workplace, as well as encouraging and enhancing moral virtues. This is in line with the Islamic legal maxims of *saddu dzara'i* (harm is repelled as far as possible), which states that any potential harm to society has to be prevented as far as possible (Sujaudin, 2008; Kamali, 2010). Dusuki and Abdullah (2007) as that it is easier to prevent something, rather than treating it after it has already happened.

With regard to the second implication of *maqasid al shariah* concepts for CSR, which is to provide guidelines on how the above responsibilities should be addressed, Dusuki and Abdullah (2007) formulate a framework on how SACs should consider the concept of *maqasid al shariah* in solving conflicts that might arise when pursuing CSR. In making decisions in relation to CSR initiatives or activities, SACs have to give the first priority to addressing the first level of responsibility, which is essential responsibility. Once the essential responsibilities have been fulfilled, the SAC can start to address complimentary responsibility in the second level. And lastly embellishment responsibility would be desired to be fulfilled when a SAC has already maintained the fulfilment of the essential and complimentary responsibilities. Dusuki and Abdullah (2007) add that the three levels of responsibilities are not mutually exclusive; rather, all are inter-related and mutually dependent.

4 Islamic corporate social responsibility disclosure

CSR in Islam could be defined as the responsibility of Islamic business organisation (SAC) to fulfil and to protect essential needs, complimentary needs and the embellishment needs of its stakeholders and community through fulfilling the basic needs of the employee, promoting harmony and peace in society and keeping the balance of the environment in order to achieve the well being of stakeholders and community. In fulfilling those responsibilities, the SAC have to follow the order of priority as implied by the concept of *maqasid al shariah*. The essential responsibility must be prioritised at first. This responsibility is mandatory to be fulfilled. The second priority is the compliment responsibility, which is strongly encouraged to be fulfilled. And the last one is the embellishment responsibility that is desired to be fulfilled in order to be a fully socially responsible company.

In relation to the ethical standards underlying CSR in Islam, the principles of God consciousness, brotherhood, justice and truthfulness could be considered as the main moral values or ethical standard of CSR. As God is always watching every activity undertaken by a SAC, there is no place to hide if not being socially responsible. In addition, the concept of brotherhood in Islam places stakeholders and community as the member of the big family of Moslem society in which an SAC also belongs to. This

social binding, therefore, requires an SAC to act responsibly toward stakeholders and the community as it is also required for stakeholders and community to act in the same way towards an SAC. The concept of justice, requires an SAC to act responsibly toward the environment, as it is created by God to be shared together among the creatures throughout its entire life time, for all mankind and other creatures, as well as from generation to generation. An SAC could not utilise the environment at the expense of the community and the other creatures or successive generations. SAC is also required to be truthful and avoid any activities providing false information nor to hide any information.

With regard to the objectives of CSR, the objectives of CSR in Islam would be to discharge the accountability of an SAC to God, as The Creator and The Owner of everything, as well as to discharge the accountability of an SAC to its stakeholders, society and environment. As a group of person, an SAC is bound by *shariah Islamiyyah* in its operation. For the SAC, social responsibility is neither due to the pressure of the stakeholder and community nor because of the intention to enhance its brand reputation, but it is because, as a servant of God and as a *khalifah* of the earth, the SAC has the responsibility to do so.

Turning to the concept of disclosure in Islam, Baydoun and Willet (2000) state that the Western model of disclosure does not fully satisfy Moslem users for decision making that is in line with *shariah Islamiyyah*. Haniffa (2002) also states that the model might not appropriate to portray an SAC's activities correctly as it does not recognise the responsibility of SACs to God. In fact, accountability seems to be the most important notion of every discussion in relation with the concept of disclosure in Islam. Moreover, accountability in Islam is interpreted as being, first and foremost, accountability to God through making information freely available (Lewis, 2006). Therefore, full disclosure would be considered as the principle of disclosure in Islam because it would be possible for fulfilling the right of stakeholders and community to know how a SAC acts in fulfilling its responsibility to God. Besides utilising the principle of full disclosure, the concept of disclosure in Islam should also consider the principle of truthfulness and relevancy (Lewis, 2006). Since disclosure of information is considered as a sacred duty or sanctity contract (Ichsan and Khalil, 2007; Reli, 2009), an SAC is spiritually enforced to implement those three principles.

CSR disclosure in Islam is considered as a mean to communicate CSR information to the users of information both internal and external for decision making. However, in line with the opinion of Baydoun and Willet (2000) and Haniffa (2002), the concept of CSR disclosure in Islam should include a different set of requirements from the mainstream format (Harahap, 2003). CSR disclosure in Islam should provide information to show an SAC's compliance with *shariah Islamiyyah* (Harahap, 2003; Muwazir and Muhammad, 2006) and, most importantly, it should provide information to demonstrate the accountability of an SAC to God (Haniffa, 2002). As a result, the objective of CSR disclosure in Islam is to demonstrate the accountability of an SAC to God and to show the compliance of SAC with *shariah Islamiyyah*. Although assisting decision makers in making economic decisions as in the mainstream CSR disclosure model is also considered as the objective of Islamic CSR disclosure, but it is not the primary objective (Maali et al., 2006). For the principles used in disclosing CSR information in Islam, the Islamic CSR disclosure model should also embrace the principles of full disclosure, truthfulness and relevancy as is required in Islamic disclosure model in general.

Referring to the concept of *tawhid* and *maqasid al shariah*, an SAC has a responsibility to disclose any information related to its relationship with God, stakeholders and community as well as the environment. As such, it is expected that an SAC would provide disclosure of the following:

4.1 Disclosure of information related to its relationship with God

It is mandatory for an SAC to disclose all information related to its relationships with God. This disclosure is needed to assess SAC's shariah compliance level. The information related to this disclosure could be the disclosure of corporate mission, disclosure of top management as well as the disclosure of Shariah Supervisory Board.

4.2 Disclosure of information related to its relationship with stakeholders and community

The disclosure of information related to their relationship with stakeholders and the community depends on the type of responsibility. It is also mandatory to disclose information related to an SAC's essential responsibilities. The disclosure of information related to an SAC's complementary responsibility is strongly encouraged, whereas the disclosure of information related to an SAC's embellishment responsibility is desired. The disclosures that should be made under this part are disclosure of employee related information, disclosure of product/service related information, disclosure of insolvent clients, disclosure of community involvement.

4.3 Disclosure of information related to its relationship with environment

Similar to the disclosure of information related to an SAC's relationship with its stakeholders and community, disclosure under this type of relationship also falls into three different requirements, which are mandatory, strongly encouraged and desired. The disclosure of information in this part should communicate the information of how company fulfils its responsibilities of building the environment, keeping the balance of the environment, keeping the beauty and the cleanliness of the environment as well as information on how the SAC avoids any violation or abuse of the environment.

5 Conclusion

The concept of CSR and its disclosure is not something new in Islam. It is an innate feature of Islam and is embedded within the concept of *tawhid*, the very basic foundation of Islam and the concept of *maqasid al shariah*, the important theme of *shariah* and the major rationale of why every Muslim has to follow *shariah Islamiyyah*. Both concepts provide moral and practical guidelines on CSR as well as why and how CSR should be discharged and disclosed by an SAC. *Tawhid* and *maqasid al shariah* signify that companies in Islam have a responsibility to maintain harmony and peace in society as well as balance in the environment. This is intended to promote the well being or sustainable success (*falah*) of people both in the world and in the hereafter. The

disclosure of CSR becomes a means to communicate companies' accountability to their stakeholders and to society. It could also be used as a tool to assess a company's *shariah* compliance as well as to help a company to be a good company. Hence, to remain as *shariah* approved companies, companies in Islam should have CSR components and implement those components in their daily activities.

Acknowledgements

The author would like to thank Prof. Christopher J. Cowton and Dr. Shabbir Dastgir from the Financial Ethics and Governance Research Group (FEGREG), University of Huddersfield, and the Directorate General of Higher Education of Indonesia and also Ahmad Dahlan University Indonesia who provided support in different ways in the production of this article.

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Glossary of Arabic words (in alphabetical order)

<i>'abd Allah</i>	servant of God
<i>Akhlak</i>	moral virtues
<i>Falah</i>	sustainable success, the wellbeing/success in the world and in the hereafter
<i>Fasad fil'ard</i>	mischief making and corruption
<i>Gharar</i>	uncertainty
<i>Hablumminnaas</i>	the relationship between human being and human beings as well as human being and environment.
<i>Hablun minnallah</i>	the relationship between human being and Allah Swt
<i>Hadith</i>	the second source of knowledge in Islam consists of deeds, sayings or tacit approval of Prophet Muhammad SAW
<i>I' mar al Ard</i>	to build the earth
<i>Ibadah</i>	personal spiritual aspect of life
<i>Ihsan</i>	awareness that God is always watching us
<i>Ijma'</i>	consensus opinion by the majority of Muslim Jurist
<i>Iman</i>	faith, believe
<i>Islam</i>	surrender
<i>Israaf</i>	extravagance
<i>Khalifah</i>	leader in the world, vicegerent
<i>La ilaaha illa Allah</i>	there is no God but Allah
<i>Mafsadah</i>	disutility or disadvantage
<i>Maisir</i>	gambling, speculative behaviour
<i>Maqasid al shariah</i>	objectives of shariah
<i>Maqasid daruriyyat</i>	essential goals
<i>Maqasid hajiyyat</i>	complementary goals
<i>Maqasid tahsiniyyat</i>	embellishment goals
<i>Mardhotillah</i>	God's pleasure
<i>Maslahah</i>	public benefit, social welfare
<i>Muamalah</i>	transaction
<i>Qiyas</i>	analogy reasoning deducted from the other three sources especially in relation to the contemporary issues that are not mention directly in them
<i>Riba</i>	interest
<i>Syakhsiyah hukumiyah</i>	juridical personality
<i>Tawhid</i>	oneness of God
<i>Tawhid rububiyah</i>	the oneness of the Lordship of God
<i>Tawhid uluhiyah</i>	the oneness of worship of God
<i>Ukhuwah</i>	brotherhood in Islam

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