



Proposing A Nonmainstream Concept of Corporate Social Responsibility through Islamic Perspective

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Abstract: *Abstract: Proposing A Nonmainstream Concept of Corporate Social Responsibility through Islamic Perspective*

Purpose: *This article aims to criticize the concept of CSR from an Islamic perspective.*

Method: *Researchers employed hyper-post phenomenology as a methodological*

Results: *The results show that the practice of CSR by Islamic banks in Indonesia has shifted from social to material goals. CSR is only a legitimization tool for "sharia" and from Islamic banks to reap greater profits.*

Novelty: *This research uses the Islamic paradigm, which calls for interdimensional unity by placing spiritualism as its epicenter.*

Contribution: *This article creates a policy framework for integrating social programs with Islamic banks' objectives to achieve falah*

Kata kunci:

Corporate Social Responsibility;
Bank Islam;
Paradigma Islam;
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Dikotomi

Abstrak: *Mengusulkan Konsep Tanggung Jawab Sosial Perusahaan yang Nonmainstream dalam Perspektif Islam*

Tujuan: *Artikel ini bertujuan untuk mengkritisi konsep CSR dari perspektif islam.*

Metode: *Metode penelitian ini adalah hyper-post-fenomenologi*

Hasil: *Hasil menunjukkan bahwa praktik CSR oleh bank syariah di Indonesia telah terbukti bergeser dari tujuan sosial ke materi. CSR nyatanya hanya menjadi alat legitimasi atas "sharia" dan dari bank-bank Islam untuk meraup laba yang lebih besar.*

Kebaruan: *Penelitian ini menggunakan paradigma Islam yang menghendaki adanya kesatuan antardimensi dengan menempatkan spiritualisme sebagai episentrumnya.*

Kontribusi: *Artikel ini berkontribusi pada pembuatan kerangka kebijakan untuk mengintegrasikan program sosial dengan tujuan bank syariah sendiri, sehingga dapat tercapai falah*



1. Introduction

CSR is an activity companies hold to improve their image and reputation and gain social legitimacy from stakeholders. In addition to its status as a consequence of the companies' profit-seeking activities, CSR highly contributes to increasing competitive advantage and corporate image, as concluded by previous research [1–11]. CSR is practised to improve society's welfare and enhance commercial goals by "silencing" negative actions from the community [12]. The orientation of CSR practices has shifted, not only in commercial companies but also in Islamic financial sector companies. Instead of being used to improve people's welfare as taught by Islam, this practice is used to legitimize the companies' sharia-compliance. This is supported by previous research [13] and evidenced by previous research [14] arguing that Islamic banks still lack specific or detailed information regarding schemes or initiatives vis-à-vis poverty eradication or social justice enhancement.

The subjective explication of the CSR concept causes this shift in orientation toward CSR from social to material goals. On the one hand, CSR is interpreted as a form of corporate responsibility to society and the environment. On the other hand, CSR is treated as a tool to boost the economic goals of business entities. Two schools of thought have surfaced in the contradiction between the two perspectives of CSR. Neo-classical economics claims that business is a purely commercial activity [3]; contemporary and moderate economics stresses on that business is not just a commercial activity to satisfy greed for profit; there is also social responsibility associated with it in the domain of other stakeholders besides shareholders. These differences in viewpoints reflect relative truth, giving rise to diversity in the objectives of CSR practices.

The basic difference lies between Western and Islamic paradigms. The former emphasizes the power of reason and refers to the single truth of divine guidance. The dominance of

ratio, the hallmark of functionalist thinkers [15], tends to produce biased truth. The separation between CSR practices' economic, social, and environmental dimensions ultimately triggered a shift from social to economic goals. The dichotomous way of thinking contradicts integralism, which combines all dimensions into one specific goal. Integralism was initiated by [16], but his "system value" concept still places economics as the core dimension. Thus, his concept of integralism differs from Islamic integralism, which places spirituality as its epicentre. Choudhury [17] emphasized that the spirit of tawhid should be the basis for humans in carrying out their activities. Hence, applying other dimensions such as economy, society, and politics must go along with the goal of spirituality in the Islamic paradigm, which uses Islamic values and principles to achieve people's welfare.

This research does not stop at analyzing the manifestation of CSR in body one and body two to reveal the goals/values behind CSR practices (RM 1). Still, the researcher continues the critical analysis by referring to the Islamic perspective to initiate a new CSR concept (RM 2). Unlike phenomenological research, which emphasizes the exploration of explanations based on the subject's consciousness, postphenomenology emphasizes the embodiment of tools in two interrelated bodies to show how a "tool" that is considered value-free can drive the bodies to a value unconsciously. In this research, embodiment analysis was carried out to reveal how CSR as a "tool" embodies both bodies, namely bankers and Islamic banking, with a certain value. The truth of "value" in postphenomenology is subjective, where a value can be considered true or false depending on the body's perspective. Contrary to this perspective, the researcher believes that the "value" underlying human activity is multi-absolute and objective. This refers to the Islamic perspective, where values are derived from the Quran. Eastern perspective uses objective spiritual values as the basis for

social interaction [18]. In this research, researchers used Islamic values as a reference to initiate a new CSR concept. The difference in the meaning of "value" is the basis for researchers to expand the methodology from post-phenomenology to hyper-postphenomenology.

Critical CSR studies have been conducted in some countries, especially the West. Still, no research has criticized the CSR concept's basis through the application of hyper-postphenomenology methodology. In contrast to previous research, which also used an Islamic perspective in extending the triple bottom line as a basis for developing the CSR concept, this research criticizes the values behind the implementation of CSR to deny the purity of the orientation of the CSR concept, which was initially believed to be an antidote to all impacts caused by business entities. This research contributes to the development of methodology and the enrichment of conceptual studies on Sharia-compliant CSR. Practical contributions are also offered to regulators as this research can be used as a consideration in reviewing CSR concepts and practices for Islamic banks to realign them to the holistic teachings of Islam in order to expand and realize their social responsibility for social welfare.

The next section provides an overview of CSR from conventional and Islamic perspectives. Section 3 explains the research method, and section 4 presents the empirical results revealing the embodiment process of CSR. This is followed by an analysis using the Islamic paradigm to assess the conformity of CSR in Islamic banks. Concluding remarks are then presented in the final section.

2. Metode

This study employed hyper-postphenomenology, an extension of Don Ihde's postphenomenology, which believes that human experience today is influenced by what he feels and the results of the extension of tools [19]. That is, technology, or what he

calls as an instrument, becomes an important point to see how humans reach their consciousness [20]. For Ihde [20], post-phenomenology talks about tools and what has undergone embodying and extending. Once the tool is integrated into the subject, the tool becomes a part of an extension of the subject. "Tools" does not always refer to themes about technology. In accounting, techniques are also called "tools" [20]. Commonly, a tool is used to enhance an entity's performance. In this study, "tools" refers to CSR because its practice is closely related to maximising an entity's financial performance [3].

To reveal truths behind the embodiment process in postphenomenology, Ihde then differentiates between body one and body two [19], which must be seen as interrelated and mediated by technology [20]. Body one has a subjective perception called micro perception, while macro perception refers to the perspective of body two. In this study, bankers and Islamic banks represent bodies one and two, respectively. The main task of hyper-postphenomenology researchers is to reveal how the embodiment of tools in body one supports body two's goals. To be embodied, CSR as a tool must unconsciously be internalized in body one and body two. The embodiment process is closely related to the transfer of values from tools to bodies, so at this stage, the researcher rejects the perspective that considers "tools" to be value-free.

In the first analysis stage, researchers analyzed the embodiment of CSR as a "tool" in body one, bankers, and body two, Islamic banks. How body one interprets the implementation of CSR is also referred to as micro perspectives, and how body two interprets it is called macro perspectives. To find the micro perspective, the researcher interviewed bankers with long experience in CSR management. Not many informants could be involved because not many bankers understood the management of CSR funds in

Table 1. Informant Identity

Name	Company	Experience
Suroso	BSI (BNIS, BSM, BRIS)	Nine-year experience of managing CSR funds in the central office of Jakarta
Reza	BMI	Twelve-year experience of involvement in CSR funds distribution

the Islamic banking industry in Indonesia. The three informants involved were from BCAS, BSI, and BMI. Table 1 shows details of the research informants. Meanwhile, to reveal the macro perspective, researchers conducted a documentation study by analyzing CSR reports (sustainability reports) on 11 Islamic banks in Indonesia based on the largest number of assets, as listed in Table 2.

The second stage in the embodiment analysis is exploring the *Aletheia* of CSR practices as perceived by body two by analyzing the sustainability reports published online by the eleven Islamic banks because there are two different conditions: some Islamic banks published sustainability reports separate from their parent, and some do not, so an analysis is carried out in these two categories to find out whether Islamic banks with sustainability report separated from the report of the parent banks have higher sharia compliance than the other group. The list of the banks is presented in Table 2.

The results from the two stages above are then analyzed further to measure Sharia compliance with the banks' CSR practices. Transcendental analysis was based on the differences between Western and Islamic paradigms. The main difference between the two is in the source of their beliefs; as the Islamic paradigm uses tawhid in the form of divine guidance as a source of truth, the Western paradigm uses social agreement as a source of truth. Divine guidance in Islamic

teachings and values is objective truth because it is free from the influence of the highly subjective human ratio. The use of divine guidance as the basis for formulating concepts is the right choice since the process repels human habits and tendencies.

3. Results and Discussion

“The Mask” of triple bottom line. CSR following a concept called the “Triple Bottom Line”, which includes economic, social, and environmental aspects. Founded on “shareholder value”, the three aspects are represented by profit, people, and planet, popular as Elkington's 3Ps, which is based on capitalism where shareholders are the main stakeholders, so CSR at that time was only interpreted as a complement to business entities. Unsurprisingly, several decades later, many deviations are discovered, and CSR practices are no longer for community welfare and environmental improvement but for profit enhancement. Many studies have proven that CSR has a positive effect on the company's financial performance, e.g. [21,22], because the practice is considered to balance profitability and morality [23] and in his book about the evolution of CSR, Elkington [16] described that the concept of CSR, which is based on “shareholder value”, still separates business, environment, and society. The dichotomous way of thinking eventually gave birth to superior and inferior dimensions. In CSR practices, the economic dimension is superior to the other two dimensions, and this causes CSR practices to be disoriented to materialistic goals. CSR then evolved into a concept based on “shared value”. If the dimensions of “shareholder value” are separate, those in the second concept are integrated but in a very limited way. The concept of “share value”, which is still based on a dichotomous way of thinking, only accommodates a small part of the social and environmental dimensions. Hence, the companies' contribution to them is only a formality to improve their legitimacy and financial performance. Justified by Elkington

[16], the second evolution of CSR still aims primarily at business and financial performance. CSR practices are then no longer only implemented to maximize the economic objectives of the entity through improving financial performance. However, they are also implemented in relation to the themes of corporate sustainability. The social pillar of sustainable development [24–26], CSR is actually expected to solve social and environmental problems that continue to worsen. However, sustainability development will only become a discourse if the concept of CSR is still centred on the economic dimension. In other words, sustainability development can only be achieved if the CSR concept is no longer based on dichotomy thinking. In line with Elkington [16], CSR has evolved into a fully integrated concept; economic, social, and environmental dimensions are placed in a mutually determining circle.

Harmonious and sustainable living is the goal of the Sustainable Development Program. This can only be achieved if business entities are not trapped in materialism. As emphasized by previous research [27,28] because economic goals drive them, firms should not and cannot take over the responsibility to act in society's interest for long. Thus, the main thing that must be done to achieve sustainable development is to convert from a dichotomous paradigm to integralism. Elkington [16] refers to it as “system value”, in which business entities support society's progress toward future fit, not hinder it. This way of thinking aligns with the Islamic paradigm, which encourages an integrated way of thinking and uses spirituality as the center of all dimensions of human life. Grounded on integralism, Islamic CSR suggests an integrated spiritual vision of sharia based on the Quran and sunnah from divine revelations. This corresponds to the argument of [29] that Islamic CSR covers wider implications, including the dimension of *taqwa* (conscious of God), which require business activities to

be done as a form of human responsibility as God's servants and vicegerents in all situations. As part of human activities, CSR must be carried out to achieve the goals of Islam, namely, bringing people's welfare. In mapping the concept, Islamic CSR, hereinafter called ICSR, is a part of man-to-man activities based on *aqidah*, *sharia*, and morality in Islamic worldview [30]. This concept of unity is also known as integralism.

Elkington's “system value”-based CSR concept is different from integralism according to Islam. Although both are based on the concept of dimensional unity, Islamic integralism places spirituality as the reference or source of truth, while the “system value” uses rationality as the reference of truth. This research develops methodological aspects that are not based on subjective integralism but on objective and bias-free Islamic integralism.

If translated into modern business, rationality does not mean it is completely lost, but it is subject to the dimension of spirituality [31]. This is also evidenced in the modern business process; the values of religiosity and spirituality that are present in the business process will have a different impact; every decision is made for the welfare of their workers, and the owner does it because it is part of worshipping God [32].

How do Body One and Body Two Define CSR? In the first stage, the researcher reveals how the embodiment of CSR in body one supports the goals of body two by exploring bankers' perspective as body one. Interviews were conducted with three bankers between May 15th to August 29th 2021. The first one is with Mr. Suroso on May 15th 2021, who perceived CSR as a business sweetener based on his response.

Just like conventional banks, we do CSR to improve the image (of Islamic banks). It can be said that CSR is a business sweetener. Broadly speaking, the activities of Islamic banks are divided into two, commercial and

social activities. CSR is the reflection of Islamic banks' social function.

The statement of “CSR is a business sweetener” is an indication that the purpose of CSR has shifted from social to commercial as the informant believes that such a distinction exists in the functions of Islamic banks' activities. He also believes that CSR crucially contributes to increasing the sustainability of Islamic banks, as reflected in his statement.

Islamic banks must also be aware of potential conflicts with the public as business entities. To anticipate it, we allocated some CSR funds to finance community programs such as mosque construction, scholarships for school students, and the like. This activity is also useful as an advertisement for Islamic banks. Therefore, CSR is, in my opinion is "little, but means a lot". The allocation of CSR is only 2 to 2.5% of net profit.

Political goals also underlie CSR practices. As confirmed by previous research [12], the goal of CSR has evolved from social to political in the form of actions to counteract negligent actions. Grants of CSR funds distributed by Islamic banks to accommodate community social activities such as mosque construction and scholarships have proven effective in "silencing" the potential for public protests. Hence, CSR practices ultimately contribute to the sustainability of Islamic banks. Another important matter the informant emphasises is “little, but means a lot”. The term “little” refers to the small amount of allocated CSR funds, which is only 2 to 2.5% of the bank’s annual net profit, while “a lot” refers to the contribution of CSR to the bank’s sustainability.

To increase the validity of the data, another interview was conducted on June 3rd 2021. The informant, Mr. Reza, a banker with 5 years experience in CSR distribution, stated the following.

The CSR funds were distributed to charities and zakat institution called Baitulmaal Muamalat (BMM). This

non-profit organization is under the authority of BMI, so BMI can ensure that the distribution of CSR funds is directed to support BMI customers' needs.

Mr. Reza perceived CSR as a tool to maintain customer loyalty. What is meant by "customer" does not only refer to BMI customers, who directly use bank products, but also to the surrounding community. Societies have been familiar with CSR funds provided by BMI as the manifestation of their social concern, they use the fund for social activities such as mosque construction and scholarship. The shift in CSR orientation can also be seen in the statement below.

Just yesterday the director gave a speech at the 27th anniversary celebration of BMI. The point is, considering that some time ago there had been a merger of three Islamic banks, now we are behind in asset ownership. The only way to survive is by increasing our compliance with the Sharia.

The merger gave birth to one giant Islamic bank in Indonesia, Bank Syariah Indonesia (BSI). BMI, whose assets are far below BSI's, must ultimately find appropriate strategies to maintain its sustainability, that is, according to the director, is increasing Sharia compliance throughout its operations. BMI manifested compliance with CSR since the orientation of this program is in line with the Islamic paradigm: social welfare is the ultimate goal. The misuse of CSR, i.e. as a tool to gain legitimacy [33]. Bankers use CSR funds to support the community's social and religious programs to prove to the public that their activities align with Islam's core teaching.

From the description above, body one perceives that (1) CSR is a business sweetener, (2) CSR is a reflection of the social function of Islamic banks, (3) CSR is “little but means a lot”, (4) CSR is the manifestation of Islamic banks' social functions, and (5) CSR is a tool to legitimate the "sharia" symbol of Islamic banks. Broadly speaking, bankers

Table 2: Coding on the Meaning of CSR

No.	Name of Banks	Meaning of CSR	Coding
1	BSM	Placing social activities as the core strategy Making social activities as a source of innovation and efficiency to increase the company's competitive advantage	CSR is a business strategy; CSR is one of business' competitive advantages
2	BNIS	Making positive contributions to the society and environment all the time Prioritizing <i>hasanah</i> values for the bank's sustainability	CSR is closely related to business sustainability
3	BRIS	Improving company image Differentiating the company from its competitors	CSR improves the image of Islamic banks; CSR is one of business' competitive advantages
4	BMI	CSR is a moral responsibility to stakeholders	CSR is a form of moral responsibility
5	BCAS	1. Communicating CSR activities to improve positive image through various media 2. Supporting Sustainable Finance (SF) principles, supporting Sustainable Development Goals (SDGs) achievements	CSR serves as a tool to create the positive image of Islamic banks CSR supports the sustainability of Islamic banks
6	BJB	Having the principle of running CSR programs in a sustainable manner to achieve harmonious interactions with the surrounding environment and benefit the economic development of the country	CSR supports the country's economic development
7	BUKOPINS	CSR as a part of active participations in the UN's resolution concerning Sustainable Development Goals	CSR supports Sustainable Development Goals
8	MAYBANKS	Not available	Not available
9	PANINS	Company's responsibility in social fields	CSR is a form of social responsibility
10	VICTORIA	Not available	Not available
11	MEGAS	1. Highly supporting the efforts of increasing the company's reputation in front of stakeholders 2. Introducing the products of Islamic banks to the society 3. Providing positive (beneficial and appropriate) social impact for stakeholders 4. Conducting humanity synergy and sustainable development between government, bank, and stakeholders 5. Corporate Improving social understanding about the bank using information delivered through social activities	CSR is a tool to increase the reputation of Islamic banks

as body one considers CSR as a social tool that boosts the banks' commercial goals. Furthermore, to understand the embodiment of CSR in body two, explorations on sustainability reports of the first semester of 2020 published by 11 Islamic banks were conducted; only four of them have CSR-reports separated from the report of their "parents", i.e. the conventional type of banks. The analysis emphasizes identifying information about how Islamic banks interpret CSR through the statements written in the report. Table 2 presents the summary of statements about CSR taken from the sustainability reports; the code was made based on the meaning of CSR for each bank. Three important things can be concluded from Table 2; they are (1) the meaning of CSR in Islamic bank sustainability reports does not differ between those presented separately, (2) CSR is the manifestation of Islamic banks' social activities that are separate from their economic activities, and (3) Islamic banks explain CSR as part of their strategy, competitive advantage, a tool to improve their sustainability, image, and reputation, and a form of moral responsibility. Broadly speaking, it was found that there was no difference in the level of Sharia compliance between Islamic banks which prepare their sustainability reports separately with the report of their parent companies and those which prepare it not separated from that of their parent companies; here CSR is a social tool to support economic goals.

In addition to analyzing the sustainability report, to measure the social contribution of each program, a review of CSR programs displayed on the banks' official websites was conducted. The CSR programs held by Islamic banks can be categorized into five: charity, Sharia financial literacy, environment improvement, umrah and donations for victims of natural disasters, and urban. The conclusion is that the programs are mostly short-term activities which do not provide long-term social contributions. This supports the exploration of the perception that CSR is only practised by Islamic banks to achieve certain goals, in this case, the

legitimacy of Sharia compliance for sustainability.

Body One and Body Two as Interrelated Bodies. In post-phenomenological analysis, body one and body two with techne mediation must be seen as interrelated bodies[20]. An interrelated relationship shows the existence of a reciprocal relationship between two or more parties where the existence of one party depends on or is widely supported by the other party. In the context of CSR practised by Islamic banks, a reciprocal relationship between body one and body two. CSR, which is embedded in both bodies, finally played as a tool to reap more profits to support the orientation of body two on materialist goals. Body two refers to Islamic banking but requires legitimacy from stakeholders for its sustainability by maximizing profit since its stakeholders tend to be capitalist. This is the *Aletheia* successfully revealed.

The revealed *Aletheia* seems clearly at odds with the nature of Sharia. Body one and body two are still stuck in a capitalistic economy, which, according to [34] is identical with the nature of individuals who have only one strong desire for money income where "He or she is a short-run money maximizer who does not care for others, art, morality, love, respect, honesty, etc". This assumption indicates how greedy capitalist humans are. Some research [35] revealed that the profit maximization orientation has infected Islamic banks as a sign of the shift in the goal of Islamic banks from the pursuit of *falah*. Reflecting on the empirical results of CSR practices, Islamic banking in Indonesia is experiencing disorientation from the goal of realizing *falah* to a capitalistic goal.

Islamic entities, such as banks, are not supposed to be oriented towards a worldly dimension laden with material satisfaction because it is contrary to the purpose of their establishment. Establishing a Sharia bank constitutes much broader social objectives and is meant to challenge injustice and inequalities created by prevailing capitalists (or even socialists) [14].

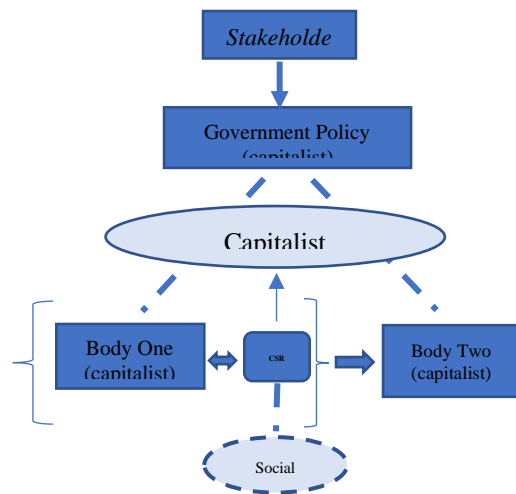


Figure 2
Body One and Body Two Disorientation on Material Objectives

Meanwhile, Islamic banks exist as a system that aims to create positive contributions as a form of compliance with socioeconomic goals in the Islamic community, as stated in Maqasid al-Shariah [29]. This means that the main difference between conventional and sharia financial institutions lies not only in the presence or absence of interest but rather in ontologically and epistemologically. Supporting this, [36] banks labelled sharia not only as interest-free entities but must balance the distribution of income and wealth and increase equity participation in the economy.

Islam is full of values, so Islamic banking, whose activities refer to Islam, must have the principles [37], including brotherhood, justice, benefit, balance, and universalism. Allah in QS (42:20) reminds how Islam prioritizes the dimension of the afterlife above the worldly as follows "Whoever wants the profit in the hereafter will We will add that profit to him, and whoever wants the profit in the world We give him a part of it (the world's advantage), but he will not have a share in the hereafter. The quote explains the existence of two dimensions passed by man, namely the world and the

hereafter, but the quotation of Surah Al A'la verse 17 confirms that, "... whereas the afterlife is better and more eternal". Researchers believe that the earthly and afterlife dimensions are not balanced; rather, the afterlife becomes the goal of all human activities. Likewise, with Islamic banks, their activities should have an orientation to the goal of the hereafter by realizing the welfare of the people rather than pursuing the material.

CSR practised by Islamic banking as a reflection of the fulfilment of the social dimension has proven that the purpose of these goals is pseudo, where CSR is used as a tool for body one to support the goals of body two, which is concerned with achieving profit targets. Thus, the government's capitalist government policies and capitalist society (capitalist stakeholders) are the causes of Indonesian Islamic banks becoming capitalist. Figure 2 presents how the capitalist environment influences the shift in body one and body two orientation through the realization of CSR. Figure 2 presents how the capitalist environment influences the shifting orientation of body one and body two through CSR embodiment.

Shifting the Persepective: Dichotomous to Integralism. There is a fundamental difference between Western and Islamic paradigms. The difference between the two lies in their belief about the source of truth[18]. Just as the Western paradigm makes local custom derived from human ratio as a guideline, the Islamic paradigm refers to divine guidance as the source of belief. One of the main teachings of Islam is unity. Islam does not separate the dimensions of human life but unites them with spiritualism as the core [17]. This concept is called Islamic integralism. This concept is called Islamic integralism. This term is used to distinguish between integralism in the concept of "system value" [16] and integralism in the Islamic paradigm. The "system value" integralism believes that the economic aspect must

provide benefits for social and environmental sustainability based on criticism toward the implementation of CSR in previous periods, Islamic integralism refers to the main teachings of Islam, namely bringing people's welfare. In other words, the difference between the two lies in the source of their beliefs; as "system value" uses subjective truth, Islamic integralism uses objective truth from the dimension of spirituality.

ICSR, as one of the mediums and indicators of successful CSR implementation claimed to be in line with Islamic teachings, is, in fact, still using a dichotomous way of thinking; as a consequence, ICSR remains focused on commercial reporting. This has been proven by Kamla [38] who concluded that the basic difference between Islamic banks' and conventional banks' CSR lies only in technical matters such as interest avoidance and zakat calculation. In addition, [14] by analyzing the content of Islamic banks' sustainability reports in some countries, concluded that Islamic banks' disclosures, however, lack specific or detailed information regarding schemes or initiatives vis-à-vis poverty eradication or enhancing social justice. This raises a gap between the ideal concept and the current practice of CSR. Finally, the concept of CSR needs to be evaluated to make sure that, in practice, it returns to the holistic teachings of Islam in order to expand and realize its social responsibility. Islamic integralism is one of the solutions offered by this research.

Shifting from dichotomous to Islamic integralism means shifting the way of thinking at ontological, epistemological, and axiological levels. Ontologically, the main distinction between "system value" and Islamic integralism is the difference in beliefs about the source of truth. Just as the first view is that science is purely the product of human thought, the latter views science as the product of thought based on divine guidance.

By relying on the Islamic paradigm, *tawhid* is the essence or core of the belief that considers humans as servants of God [39]. This implies

that the ultimate truth will be obtained only by relying on Allah. He [39] firmly rejects the superiority of ratio in the formulation of science. Islam is a unified religion that uniting worship with social life, uniting belief with social life, uniting spirit with objects, uniting economic points with moral principles, uniting the world with the hereafter, and uniting earth with the sky [39]. Herein lies the ontological difference between the two concepts. Epistemologically, "system value" integralism believes that the economic dimension is the epicentre of all human activity, while Islamic integralism uses the spiritual dimension as the epicentre [17]. The ideology of modern economics is constructed from the secular-materialistic worldview of Western civilization, also Western philosophy of thinking is loaded with science and technology that are closely related to the spirit of materialism, individualism, and consumerism [18]. Meanwhile, the Islamic paradigm considers that obedience to Islamic teachings is the core of all forms of scholarship. This means that humans exist to serve God, so all their activities must align with Islam's main teachings and values .

Table 3: Differences Between Dichotomous and Islamic Integralism Paradigm

Level of Knowledge	Dichotomous Paradigm	Integralism Paradigm
Ontology	Separation one dimension from another	Unity of dimension
Epistemology	1. Economy as the epicenter 2. Social welfare is an inferior dimension	1. Spirituality as the epicenter 2. Social welfare is a superior dimension
Axiology	1. Shareholders is the main stakeholders 2. Material asset is the parameter to assess sustainability	1. Society is the main stakeholders 2. Social contribution is the parameter to assess sustainability

Different understandings at the ontological and epistemological levels inevitably cause different understandings at the axiological levels because the Western paradigm perceives that economic orientation is the epicenter, and shareholders become the main stakeholders. Shareholders are interested parties with the purpose of material maximization. Islamic banks with dichotomous paradigms assess their sustainability based on the number of shareholders. This certainly contradicts Islamic integralism, which makes social goals the main orientation. For this paradigm, sustainability should not be measured from the amount of material achievement but from the contribution to social welfare. Table 3 and Figure 3 summarize the differences between dichotomous and integralism paradigms.

Based on the ontological, epistemological, and axiological understandings, it can be concluded that CSR practised by Islamic banks in Indonesia does not align with Islamic integralism approach.

Shifting Islamic banks' way of thinking from dichotomous to Islamic integralism does not mean separating social purposes from commercial ones. Integralism also emphasizes sharia compliance as the core of all human activities. Other aspects, such as economic, social, political, etc., must align with Sharia's objectives. This is the definition of spiritualism as the epicentre of life, unlike the current CSR practices. Islamic paradigm does not consider physical material as the success parameter; it is only considered a tool to achieve safety and welfare. The concept of CSR in Islam must meet principles of *maqasid-al-shariah* and *maslahah*; both lead to increased social welfare [40]. Using integralism, social functions cannot be represented only by CSR; they must be the main goal of Islamic banks.

Globalizing Islamic Integralism.

Islamic banks can implement Islamic integralism in their operations by, among other things, increasing the use of non-

murabahah financing that has greater social contributions.

In Indonesia, murabahah contracts have been dominating for about ten years. Appendix 1 presents the gap of values between murabahah and mudharabah financing disbursed during the 2012-2020 period. Bankers offer *murabahah* financing more due to its flexibility and smaller risks. This phenomenon is an evidence that bankers tend to seek commercial gains rather to achieve Islamic goals emphasizing on social welfare. Other contracts with higher social contribution are *salam* and *mudharabah*. However, they are in fact avoided by bankers because of the perceived high risk. To increase their use, it is necessary to develop a risk mitigation concept that aligns with the characteristics of Islamic banks and their customers' business sectors. As affirmed by previous research [41–43], the implementation of *salam* contracts in Malaysia, Pakistan, and Sudan improves the welfare of farmers by helping them escape from sharecropping. By referring to Islamic integralism, Islamic banks can contribute by developing a risk mitigation concept that aligns with the characteristics of the agricultural sector, and the use of *salam* can be increased. If Islamic banks offer more *salam* contracts, we can expect more farmers who can increase their welfare.

Globalizing integralism can also be done by optimizing the mudharabah contract by developing a risk mitigation concept

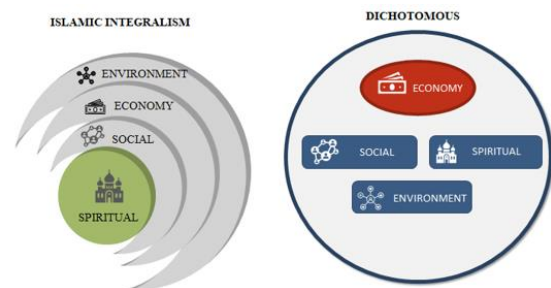


Figure 3
Differences Between Dichotomous and Islamic Integralism Paradigm Approach

suitable for the users' business characteristics. Another effort is replacing NRV with PLS in profit sharing. Bankers prefer the first method as it is more profitable. In the Islamic paradigm, the PLS method is fairer because the mechanism takes into account the burden borne by the entrepreneur in getting the net profit.

Thus, globalizing integralism cannot be achieved by simply symbolizing things but by running substance-over-form processes. To realize this, a support system that can minimize risks is necessary, and shifting the orientation of bankers to Islamic goals is fundamental.

4. Conclusion

CSR practices at Bank Syariah Indonesia are still commercial-oriented. This contradicts the idea of CSR, i.e. improving society's welfare. In the Islamic paradigm, one dimension does not exist except through integration with the others, and spirituality is the centre. Using embodiment analysis, it is revealed that bankers practice CSR as a business sweetener. The term "sweetener" refers to the relatively small amount of CSR, which is only 2.5% of the net profit, yet a significant increase in Islamic banks' profit. Further, CSR is also considered as a tool to legitimize the sharia compliance of the banks since the ideal of CSR is relevant with the goal of Islam, namely increasing social welfare. Meanwhile, the exploration results on the embodiment of CSR in Islamic banks also show the same thing. Analyses on documents resulted in that CSR practices were interpreted as a business strategy, were closely related to the sustainability of Islamic banks, and were believed to legitimize the sharia compliance of Islamic banks. Hence, there is an interrelated relationship in the interaction between bankers as body one and Islamic banks as body two, in which bankers practice CSR to support the objectives of Islamic banks.

The disorientation of CSR practices from social to commercial purposes is caused

by the dichotomous way of thinking, which separates one dimension from the others. Elkington, the originator of the Triple Bottom Line, finally realized this phenomenon. He then launched an integrative approach called "system value". Although it no longer separated between social and economic dimensions, it still negates the spiritual aspect, so this approach refers to subjective truths that are very likely to change again. This is different from Islamic integralism, which focuses on spirituality, where truth is absolute and objective. To make Islamic banks' CSR practices go along with Islam's goals, a shift from a dichotomous way of thinking to an integrative one is necessary. There is a fundamental difference between dichotomous and Islamic integralism paradigms. Ontologically, Islamic integralism believes in the unification of dimensions and uses spirituality as its epicenter, while the dichotomous paradigm believes the otherwise. Epistemologically, Islamic integralism uses spiritualism as its epicenter and puts social welfare as the superior dimension, while dichotomous paradigm puts economic dimension as its center. Based on this belief, Islamic integralism then makes society the main stakeholder and social contribution the parameter of sustainability, while the dichotomous paradigm places shareholders as the main stakeholders, making this approach loaded with materialism. Integralism can be applied by replacing *murabahah* financing with other contracts that have greater social contributions, such as *mudarabah* and *salam*. The dominance of *murabahah* contracts in Indonesia is an indication that Islamic banks are risk averse. This is caused by the fact that bankers consider shareholders as their main stakeholders, so they pursue profit maximization instead of people's welfare improvement. In order to instill integralism in Islamic banks, bankers should revert their orientation from commercial to social, which can be realized through, for instance, formulating the concept of risk mitigation for

mudarabah and *salam*. The increase in the number of those contracts is expected to help more and more people with low incomes, and the Islamic goal of social welfare can be realized.

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