

## Forms of Implementing Corporate Social Responsibility in Indonesian Sharia Banks

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**ABSTRACT.** Corporate Social Responsibility or what is often referred to as Corporate Social Responsibility (CSR) is almost implemented by all companies, in this case, the Islamic Banking industry where the company is committed to quality development and community welfare. CSR can be implemented in the form of corporate social activities as stipulated in Law Number 40 of 2007 concerning the implementation of CSR/corporate social responsibility. This research has several objectives, one of which is to find out the forms of CSR (Corporate Social Responsibility) carried out by Islamic banks. In addition, this research also shows the areas that are the focus of the company in the CSR program.

**Keywords:** Islamic Bank; Corporate Social Responsibility;

## INTRODUCTION

Corporate Social Responsibility (CSR) or what is often referred to as social responsibility is a form of contribution that aims to pay attention to the environment and also the welfare of society, which will indirectly have an impact on the company and society. Until now there is no unified language regarding CSR, but empirically CSR has been implemented by companies in various forms of activities based on volunteerism.

In the context of statutory provisions, it turns out that there is no common language in formulating the meaning of CSR, this can be proven from the explanation of Article 15 letter b of Law Number 25 of 2007 concerning Capital Investment (UUPM) which confirms that corporate social responsibility is 'The responsibility inherent in every investment company is to create a relationship that is harmonious, balanced and by the environment, values, norms and culture of the local community. Article 1 point 3 of Law Number 40 of 2007 concerning Limited Companies (UUPT) also emphasizes that social and environmental responsibility is a company's commitment to participate in sustainable development to improve the quality of life and the environment which is beneficial, both for the company itself, local communities, and society in general (Busyra Azheri, 2012)

The implementation of corporate social responsibility by Sharia banking in Indonesia is increasing every year, both in quantity and quality. In terms of quantity, each Islamic bank allocates funds every year and shows an increase in the budget. This is reflected in the published annual financial reports. In terms of quality, the corporate social responsibility activities carried out also directly address and touch the basic needs of the community, and are carried out together with the community. Every year Sharia banking continues to make changes or innovations and create

programs to respond to socio-economic changes and create a relationship of trust between Sharia banks and customers. In the end, a loyal relationship is formed between Sharia banks and customers. Therefore, in this case, the author will write about the form of implementing social responsibility accounting (Corporate Social Responsibility) in Islamic banks which is implemented in the journal.

## **METHOD**

To collect, manage materials and present and analyze data to find or examine the truth of knowledge carried out using scientific methods, and can achieve valid results with systematic formulations so that they are by what is expected, precisely and in the same direction as to answer the problem being studied, writer. This research method is library research, namely a series of activities relating to methods of collecting library data, reading and taking notes, and processing research materials, namely by collecting theories in books and other scientific writings that are relevant to the research focus. (Nazir, 2005).

## **RESULTS AND DISCUSSION**

### **Corporate Social Responsibility (CSR)**

Corporate social responsibility is a corporate responsibility that is a partnership, active and dynamic, between the company and the surrounding community. Social responsibility is a form of accountability that a company should carry out, for the positive and negative impacts arising from its operational activities, and may have some influence on internal and external communities within the company. Apart from carrying out profit-oriented activities, companies need to carry out other activities, for example, activities to provide a safe working environment for their employees, guarantee that the production process does not pollute the environment around the company, place workers honestly, produce products that are safe for consumers, and maintaining the external environment to realize corporate social awareness.

In this case, a Sharia bank is a state-owned company or a company in the form of a limited liability company (PT) that operates in the field of providing Sharia banking services which also carries out social responsibility activities to the community.

### **Implementation of CSR in Indonesian Sharia banks**

In Indonesia, corporate social responsibility in banking circles is quite developed. With the enactment of Law No. 40 of 2007 article 74 concerning the obligation for Limited Liability Companies to carry out social and environmental responsibility, companies in Indonesia are inevitably obliged to implement corporate social responsibility programs. Sharia banks, in implementing corporate social responsibility (CSR), should take the initiative to set aside a portion of their profits to be distributed to the small business community in the form of qardh Hasan (loans). In this way, Sharia banks in Indonesia concretely provide concern for generating community activities.

The form of implementing corporate social responsibility is not only short-term assistance such as road construction assistance, and assistance for the construction of religious facilities, but long-term community empowerment programs that will provide changes in community welfare such as the creation of savings and loan cooperatives, providing scholarships, foster parent programs. for micro, small and medium enterprises.

Sharia Bank views that corporate social responsibility must be implemented in every decision and business activity of the company. BSI always evaluates the impact of every decision and business activity on its stakeholders, which includes economic, social, and environmental aspects. In

implementing CSR that is sustainable and in line with Sharia principles, he continued, the implementation must be by the objectives of Islamic Sharia. The form of implementing CSR in Indonesian Sharia banks in 2021 is focused on 3 programs, namely:

a. Community Partner Program

1. Through the empowerment of Indonesian Prosperous Villages in 14 locations throughout Indonesia
2. Development of MSMEs through training & education both online and offline.
3. Management of Micro Waqf Bank (BWM) together with OJK and other banking partners.

b. Community Education Program

1. By providing educational scholarships to 500 underprivileged and high-achieving students (BSI Scholarship)
2. Implementation of the Islamic Sociopreneur Development Program (ISDP) which is a business incubator program to prepare students to become Muslim entrepreneurs who have entrepreneurial skills, have social awareness, and are useful in society.
3. By assisting elementary, middle, and high school students for sustainable education improvement.

c. Community Sympathy Program

1. Is a disaster program for response and recovery for communities affected by natural disasters.
2. Protecting public health through the Covid-19 response program which consists of providing oxygen cylinders, vaccinations & basic food assistance to the community.

Apart from 2021, in 2022 Indonesian Sharia banks will also distribute social funds in various aspects of society. Based on the 2022 Indonesian Sharia Bank sustainability report, it is explained that the form of implementation of the distribution of CSR funds is based on and distributed in several programs, namely:

**Table 1. List of Social Funds / CSR Budgets**

<b>Distribution of Social / CSR Funds</b>	<b>Total Distribution (Rp)</b>
Education	2.399.075.572
Health	1.207.720.000
Humanity	31.165.711.075
Economy	110.000.000
Da'wah-Advocacy	3.329.638.930
<b>Total Fund Distribution</b>	<b>38.212.145.577</b>

**Source: BSI Sustainability Report 2022**

Based on the ongoing report on Indonesian Sharia banks above, we can see that Sharia banks have carried out social responsibility programs in various sectors which refer to social activities and economic growth in society with the total funds disbursed being IDR. 38,212,145,577. The largest amount of funds distributed by Indonesian Sharia banks was in the form of humanitarian aid, namely IDR. 31,165,711,075, then in the da'wah and advocacy sector, namely IDR. 3,329,638,930.

The following are several forms of implementing social responsibility that have been carried out by Indonesian Sharia banks in 2022, namely:

#### 1. BSI Village

The BSI Village Program is a village economic development program that strengthens local resources to improve community welfare through the utilization of ZISWAF funds. Program implementation is focused on developing agricultural, livestock, fisheries, and plantation business clusters.

#### 2. BSI MSME Benefits

The "UMKM BSI Maslahat" program is a program to strengthen ultra-micro and micro business actors by increasing knowledge and managerial capacity so that they can improve the quality and quantity of their business in a sustainable manner.

#### 3. BSI Empowered Islamic Boarding School

The Empowered Islamic Boarding School Program aims to increase the independence of Islamic boarding schools through developing economic resources and entrepreneurship. Currently the Islamic boarding school empowerment program is running in 8 Islamic boarding schools spread across 5 provinces in Indonesia, with a total of 200 Islamic boarding school beneficiaries.

#### 4. Friends of Indonesian Students

The number of beneficiaries of the Indonesian Student Friends program for the 2021-2022 period is 3,623, consisting of 1,421 junior high school level participants and 2,202 high school level participants. The participants came from 242 schools spread across 25 provinces throughout Indonesia.

#### 5. BSI Scholarship

This program consists of BSI Inspirasi which uses zakat funds and BSI Achievement which uses infaq funds. Currently the BSI Scholarship program is open to 72 campuses throughout Indonesia with a total of 1,470 beneficiaries. Apart from providing tuition assistance.

#### 6. BSI Benefits Sociopreneurs

The total number of beneficiaries of BSI Maslahat Sociopreneur in 2022 will be 230 students, with a program success rate of 65% where the 150 participants' businesses are sustainable and growing and are able to absorb a workforce of 211 people and produce local heroes by empowering villages.

#### 7. BSI Children's Scholarship

BSI Children's Scholarship provides scholarships starting from elementary school to tertiary education with predetermined scholarship conditions and ceilings. In 2022, the number of recipients of the BSI Children's Scholarship will be 90 children and spread across 12 provinces in Indonesia.

#### 8. LIKES

LIKES (Sharia Economic Literacy) is a study, education, and communication center program about Sharia finance which is managed by BSI Maslahat. This program has 3 focuses, literacy, consultation, and cadre formation. Literacy activities are created by providing online and offline studies in the BSI ecosystem. By carrying out this social activity the company gets various benefits including:

1. Has a positive influence on improving performance
2. Increase company value
3. Increase the market value of the company's shares

4. Increase efficiency, productivity, and effectiveness of business operational performance
5. Corporate social responsibility opens up opportunities to get awards
6. Corporate social responsibility carried out by companies, especially Sharia banks, causes blessings in production results because they carry out obligations to God (Lako, 2011).

Apart from the company, the implementation of CSR also has benefits for the community, namely increasing added value, and community support which is a guarantee of the existence and sympathy for the company.

## CONCLUSION

Indonesian Sharia Bank has implemented corporate social responsibility through programs that have been distributed, namely in the fields of education, humanity, health, economics, and advocacy. BSI implements the Social and Environmental Responsibility program as part of its commitment to support the efforts of the Indonesian Government and global community to achieve Sustainable Development Goals (SDGs). In general, BSI's CSR aims to ensure that the environment and communities we serve, as well as wider stakeholders, can benefit. As a Sharia entity, the preparation and implementation of BSI's CSR program always upholds Maqashid Syariah. The source of Bank Syariah Indonesia's corporate social responsibility funds comes from ZISWAF (Zakat, Infaq, Alms, and Waqf) funds as well as social and CSR donations targeting individual and corporate muzakki (donors).

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