

INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS & SOCIAL SCIENCES



Corporate Responsibility from Islamic Perspective

Nor Rosnita Gani, Shofian Ahmad & Amir Fazlim Jusoh

To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v9-i11/6768>

DOI: 10.6007/IJARBSS/v9-i11/6768

Received: 15 September 2019, **Revised:** 20 October 2019, **Accepted:** 02 November 2019

Published Online: 25 November 2019

In-Text Citation: (Gani et al., 2019)

To Cite this Article: Gani, N. R., Ahmad, S., & Jusoh, A. F. (2019). Corporate Responsibility from Islamic Perspective. *International Journal of Academic Research in Business and Social Sciences*, 9(11), 1585–1598.

Copyright: © 2019 The Author(s)

Published by Human Resource Management Academic Research Society (www.hrmars.com)

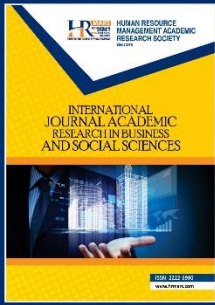
This article is published under the Creative Commons Attribution (CC BY 4.0) license. Anyone may reproduce, distribute, translate and create derivative works of this article (for both commercial and non-commercial purposes), subject to full attribution to the original publication and authors. The full terms of this license may be seen at: <http://creativecommons.org/licenses/by/4.0/legalcode>

Vol. 9, No. 11, 2019, Pg. 1585 - 1598

<http://hrmars.com/index.php/pages/detail/IJARBSS>

JOURNAL HOMEPAGE

Full Terms & Conditions of access and use can be found at
<http://hrmars.com/index.php/pages/detail/publication-ethics>



INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS & SOCIAL SCIENCES



www.hrmars.com

ISSN: 2222-6990

Corporate Responsibility from Islamic Perspective

Nor Rosnita Gani, Shofian Ahmad & Amir Fazlim Jusoh

Faculty of Islamic Studies, National University of Malaysia (UKM)

Abstract

This article intends to discuss soal responsibility system from Islamic point of view. The discussion in general will first present the Islamic historical background on the practice of soal responsibility through three phases of implementation. They are the early phase of Islam, the middle phase and the modern phase. The division of three phases was made to identify the revolution of soal responsibility implementation that moves with the time and keep abreast with suitability of soal responsibility practice. The study will subsequently explain on two forms of soal responsibility namely obligatory soal responsibility and encouraged soal responsibility. Once the history and forms of soal responsibility are identified, the paper will further examine the Islamic system of corporate soal responsibility.

Keywords: Soal Responsibility, Islam, Corporate Governance, Business Ethic, Management

Introduction

The implementation of soal responsibility system can be explained by referring to the system of *al-takaful al-ijtima'i*, *al-daman al-ijtima'i* and *al-ta'min al-ijtima'i* and by looking at the forms of soal responsibility that have been carried out. For an overview of soal responsibility implementation that can be applied in the current framework of soal responsibility practise, thus Islamic historical background on the practice of soal responsibility system is important to be highlighted in the study. The discussion will be divided into three implementation phases in Islamic history: the early phase of Islam, the middle phase of Islam and the modern phase. The early phase of Islam refers to the time of the Prophet (peace be upon him) until the *Rashidun* Caliphate, while the middle phase of Islam refers to post *Rashidun* Caliphate to the Ottoman caliphate and finally the modern phase which refers to the present period of Islam.

Early Phase of Islam

In the early days of Islam, the economic condition of the Muslims was still weak and in dire need of substantial financial assistance. This is evident from the hijrah story of the Prophet (p.b.u.h) to Medina showing that Muslims during that time were left with nothing and were separated from their families when they emigrated. However, strong brotherhood between the *Ansar* (natives of Medina) and the *Muhajirin* (migrants from Mecca) became the first turning point of soal

responsibility implementation in Islamic history through their philanthropic practice. Despite living in an economic deprived condition, the *Ansar* group has provided support for *Muhajirin* such as shelter, food, job. There are also *Ansars* who offer one of their wives to the *Muhajirin* (Mohamad, 1994; Mohammed, 2007).

While in Medina, the Prophet (p.b.u.h) gradually established economic strength and public social responsibility through the role of *baitulmal*, *zakah*, *jizyah*, *kharaj*, *'ushr*, *waqf*, *sadaqah*, *infaq* and many more. At the same time, the Prophet (p.b.u.h) prohibited usury, bribery, business monopolies, speculation and gambling to fight against commercial oppression and tyranny. Before the Prophet's death, he delivered a final sermon that highlighted on rights and justice in society, prohibition on usury, prohibition on oppression, blackmailing, corruption and exploitation. The essence of the sermon was to reinforce the great importance of social responsibility system in Islam that the Prophet (p.b.u.h) sends a message specifically related to it. The sermon clearly illustrates that Islam highly concerns on justice in society.

History has proven that the first Muslim generation has produced many Muslim corporate figures. They also played major role in strengthening the social responsibility system back then. The Prophet (p.b.u.h) himself was a pioneer of being a Muslim corporate followed by the companions such as 'Abdul Rahman ibn' Awf, Zubair Ibn 'Awwam, Talhah ibn' Ubaidillah and Shuhaib ibn' Sinan who are well-known for their righteousness personality and notable entrepreneurial ethics. One of prominent figures in the early days of Islam was 'Abdul Rahman ibn 'Awf. The outstanding wealth possessed by 'Abdul Rahman ibn 'Awf in business was reported in a renowned story among people in Medina that they were astounded to receive an arrival of a trade caravan consisted of 700 camels belonging to him. The story illustrates that 'Abdul Rahman ibn 'Awf owned such a huge business empire. His success in breaking the Jewish business monopoly has also inspired other corporate individuals. The leadership and wealth of 'Abdul Rahman ibn 'Awf is reflected in his words, "If I were to lift a stone, I would find gold and silver under it" (Mohamad, 1994).

Apart from 'Abdul Rahman ibn 'Awf being known as a well-respected corporate figure and a promised merchant of heaven, he was also profusely generous in distributing his wealth for religious purposes. His philanthropic attitude was reflected in some anecdotes reported by Mohamad (1994). Among them, 'Abdul Rahman ibn 'Awf once handed over sale proceeds of 40,000 dinars and distributed them all to Bani Zahrah clan and poor Muslims. He also donated 500 horses and 1500 camels to the Muslim army for military purpose.

The social responsibility system successively continues during the Rashidun Caliphate through the establishment of a *zakah* institution under Caliph Abu Bakr leadership. Those who refuse to pay *zakah* for the poor and needy will be charged and penalized. Such enforcement was due to the fact that there are always rights of the poor and needy for every *zakah* being paid. The present development of *zakah* institution can be seen through the establishment of *baitulmal* in

al-Sanah which serves to administer the zakah fund and distribute the fund to eligible zakah recipients (Husain, 2000).

During Caliph 'Umar ibn Khattab period, the zakah management has been improved. He has appointed several zakah collectors called al-'ashirun who are assigned to collect 1/10 zakah on business items from each trader. His actions indicate that the business community is responsible for contributing to the social responsibility system at that time. It was also during the Caliph's leadership, expansion of territory and the economic condition of the Muslims was strengthened through collection of zakah, taxes, jizyah, kharaj, 'ushur and many others. Therefore, wealth proceeds can be optimally distributed for social benefit of the community. Some of Caliph 'Umar's initiatives include establishing the Diwan system, and giving out allowances and pensions. The provision of allowances involves all citizens including women and children based on the principle that "every individual is entitled to *baitulmal* property" (Ra'ana, 1970).

Subsequently, the emphasis on social responsibility was further reinforced in his letter of appointment as Governor of Egypt by Saidina Ali r.a. to Malik bin al-Haris al-Ashtar who generally stated that a business enterprise is the country's leading source of revenue as well as provider of products and services. Thus, a business company can gain profit from business but have to adhere to the rules and to stay away from being corrupt in business. Companies that operate in an unethical and immoral manner will be charged and penalized (Mohammed, 2007).

The Middle Phase of Islam

During this phase, the Islamic empire dominated the world and the Islamic economy shows a tremendous growth. Social activities and social responsibility were also promoted in various fields such as religion, health, education, infrastructure and economic development. Various parties involving governors, merchants and corporate citizens have played significant role in social responsibility during the middle period. Apart from zakah, one important form of social responsibility that was realized in this era is the *waqf* (endowment) sector. Case in point, during the time of the Mamluks, almost all of Egypt was built from *waqf* property (Abdelhamid 2000) as quoted in this passage:

"A person is born in a *waqf* house, sleeps in a *waqf* cradle, reads *waqf* books, teaches in a *waqf* school, receives *waqf* administered salary, and eventually when he dies, his funeral will be under *waqf* administration affair and buried in a *waqf* graveyard."

The passage above demonstrates the salient role of *waqf* at that time by which its benefits can be felt from the beginning till the ending of human life. The philanthropic scenario reflects the strength of social responsibility among Muslims and obviously resulted from social responsibility exercised by every member of the society. *Waqf* practice not only aims to be as part of religious obligations, in fact it has a larger purpose of preserving the rights and building up civilization of a society.

During the Ottoman caliphate, *waqf* funds were invested and its revenue benefited the whole community. An example of *waqf* carried out by El-Hac Sulayman El-Hac was featured by Murat (1995 & 1998) whereby El-Hac donated 70,000 silver dirhams in 1513M. From the amount, 30,000 dirhams were used for school construction and the remaining 40,000 dirhams were

capitalized for investment by way of loans to interested parties. Profits gained from the proceeds were then spent for salary payment to teachers and their assistants, those who read the Quran and to the *waqf* inspector. In recent times, cash waqf has been implemented as one way of raising funds. Cash waqf from individuals and companies will be helpful to purchase permanent assets such as lands, buildings and infrastructure as well as provision of services in education, health and religious field (Murat 1998).

Present Period of Islam

In present times, soal responsibility has dominantly becoming parts of policy in many countries. Some of the modern terms used to describe forms of soal responsibility today are corporate zakah, corporate waqf and the list continues. Corporate zakah and corporate waqf does not mean that a company is subject to zakah or waqf. Rather it means business zakah and waqf performed by corporate companies.

Corporate waqf is a new innovation in the waqf sector today. The waqf has high potential to generate growth of waqf funds for a larger *maslahah* (public interest). It can be practised by corporate companies through physical waqf such as buildings, land, infrastructure, roads, transportation and telecommunications facilities. On top of that, non-physical corporate waqf such as cash, stock and equity can also be implemented. The waqf assets and funds by corporate companies will be channeled to provide community in various areas in need of assistance and support including religion, education, health, poverty elimination and national economic development (Khairi et al. 2014).

Accordingly, Turkey has been regarded as one of the Muslim countries that have taken steps to spearhead the corporate *waqf*. Turkey is a highly developed Muslim country with most accelerated rate of economic growth in the world. Turkish corporations found to be increasingly interested to exercise the corporate *waqf*. The Turkish Vehbi Koc Foundation is one prominent example of a corporate company in Turkey that has established its own fund since 1969 and has consistently provided funds to support the academic sector such as high-performing schools and major universities. Turkey's experience and success in integrating corporate *waqf* for the country development should be followed by other Muslim countries including Malaysia. This is because corporate waqf does not only serve to bridge the gap between the rich and the poor, but it also has the potential to overcome deficit pressures faced by most countries today (Murat t.th).

Forms of Soal Responsibility in Islam

Although most studies focus on soal responsibility as a form of charity that is not compulsory in nature, the author however tends to divide soal responsibility into two forms namely compulsory responsibility and encouraged responsibility. This section is designed to show the difference of commitment level to soal responsibility.

Compulsory Soal Responsibility

Refers to compulsory responsibility that covers individual or corporation obligations (*fardh*) and to leave the unlawful (*haram*). Among the required compulsory duties are to obtain capital sources in a lawful manner, to pay salary to workers and to distribute wealth through zakah and

taxes. Meanwhile, the obligation to leave the unlawful things is to abandon illegal things such as gambling, gharar (uncertainty), corruption, speculation, weighing fraud and business monopolies. Nevertheless, only details on salary and zakah will be highlighted as both are the main scope of compulsory CSR implementation.

Salary

Among the main social responsibilities of employers to their workers according to Islam are to provide lawful and non-discriminatory employment, to provide safe working environment and to provide remuneration appropriate with work performed (Zahid & Hassan 2012). The amount of payment are usually fixed in the contract between the employee and the employer at the beginning of job appointment. The Employment Act 1955 in Malaysia stipulates that employers must pay their employees at least once a month and payroll must be made not later than the seventh day from the payment date (the Employment Act 1955). In Islamic teachings, the duty to pay wages to the workers is highly emphasized and it has been mentioned in a hadith by the Prophet p.b.u.h. (Ibn Majah, Sunan Ibn Majah, the book of al-Ruhun, chapter ajr al-ajra', hadith

no. 2443):

أعطوا الأجير أجره قبل أن يجف عرقه

Meaning :

“Pay the worker his wages before his sweat has dried.”

The hadith shows that employers are required to pay wages to their workers the soonest possible to meet the needs of their employees. An employee certainly works with the intention to provide for his or her family and personal needs. Late payment of salary or unpaid salary will cause them trouble and difficulty. In addition to wages, workers also have the rights for leave, welfare, training and safety. Ignorance of workers' rights will result to mistreatment and employers being subject to legal action.

Zakah (Alms)

Zakah is the third pillar of Islam and it must be performed according to certain conditions and within a certain period of time for the benefit of people who are entitled to it (Ibn Qudamah 1996; Ibn 'Abidin 2000). The zakah obligation shows that Islam has first introduced a strong system of social responsibility to maintain well-being of society (Taman 2014). The zakah obligation and the list of those who are entitled to it are included in the following Quranic verse (al-Quran, at-Tawbah 9: 60):

إِنَّمَا الصَّدَقَاتُ لِلْفُقَرَاءِ وَالْمَسْكِينِ وَالْعَامِلِينَ عَلَيْهَا وَالْمُؤَلَّفَةِ قُلُوبُهُمْ وَفِي الرِّقَابِ وَالْغَارِمِينَ وَفِي سَبِيلِ اللَّهِ وَإِنَّ السَّبِيلَ قَرِيبٌ مِّنَ اللَّهِ وَاللَّهُ عَلِيمٌ حَكِيمٌ

Meaning :

Alms are meant only for the poor and the needy, and those employed to administer the (funds); for those whose hearts have been (recently) reconciled (to Truth); for those in bondage and in debt; in the cause of Allah; and for the wayfarer: (thus is it) ordained by Allah, and Allah is full of knowledge and wisdom.

The term 'alms' from the above Quranic verse refers to zakah which is an order (fardh) from God, not a form of optional charity. Zakah is divided into several types, including income, business, gold and silver, livestock, investment and savings. *Daleel* (evidence) for business zakah obligation is based on the words of Allah Almighty (al-Quran, al-Baqarah 2: 267):

يَا أَيُّهَا الَّذِينَ آمَنُوا أَنْفِقُوا مِنْ طَيِّبَاتِ مَا كَسَبْتُمْ وَمِمَّا أَخْرَجْنَا لَكُمْ مِنَ الْأَرْضِ وَلَا تَيَمَّمُوا الْخَبِيثَ مِنْهُ تُنْفِقُونَ وَلَسْتُمْ بِآخِذِيهِ إِلَّا أَنْ تُغْمِضُوا فِيهِ وَاعْلَمُوا أَنَّ اللَّهَ عَنِّي حَمِيدٌ

Meaning :

O believers, spend in Allah's Way the best portion of wealth you have lawfully earned and that which We have produced for you from the earth, and do not pick out for charity those worthless things that you yourselves would not accept but with closed eyes. Bear in mind that Allah is Self-Sufficient, Praiseworthy.

The term 'best portion of wealth' from the above Quranic verse refers to wealth earned through business, manufacturing and other resources. Business properties subject to zakah are trading assets or commodity since they are productive properties. Nevertheless, property in the form of capital goods such as buildings, machines, trucks, offices, shops etc. is not subject to zakah as it may cause its profits to decline (Ibn Qudamah 1996). Zakah is required to purify the property and the soul of Muslims from being miser and selfish. Zakah obligation is not just material in nature but seeks to achieve spiritual goals, to foster love, to boost economic support and to empower political strength. Moreover, zakah has a weighty role and potential in securing economic stability for Muslims and eradicating poverty in soety. To carry out such significant role and potential of zakah, its distribution therefore must be transparent. Zakah implementation should also consider short and long term needs through various types of assistance such as continuous provision of food and living expenses, medicine, education, entrepreneurship, religion and emergency (Ibrahim, 2008).

Considering obligation of companies to fulfill business zakah in Malaysia, the imperative commitment is subject to certain conditions as resolved in the 31st Muzakarah (Conference) of Fatwa Committee National Council of Islamic Religious Affairs Malaysia held on 9 December 1992. The Conference has deduced that a company is obliged to pay zakah if the business is fully owned by an independent Muslim, reached sufficient nisab and completed sufficient haul of one qamariah year or 354.3 days. However, for a business of joint venture between a Muslim and a non-Muslim, then the zakah is required on the amount of shares owned by a Muslim only based on the net income earned.

Encouraged Soal Responsibility

Encouraged responsibility is different from compulsory responsibility in terms of commitment. Encouraged responsibility involves charity activities that are non-binding and voluntary in nature. Nevertheless, Islam highly demands the Muslims to support the Islamic economy. Apart from that, it is also important to educate individuals and communities to provide voluntary assistance.

Among the encouraged responsibilities to be highlighted are *waqf* and *sadaqah* due to their significant role and common practices in Islamic social responsibility.

Waqf (Endowment)

Waqf is a charity endowment that has been practiced since the early days of Islam. *Waqf* holds high position in Islamic teaching through three aspects namely multiple rewards to people who perform *waqf*, fulfilling social responsibility to help the community in need; and upholding the Islamic law. The great role of *waqf* in generating economic of the *ummah* has been proven through various fields such as educational waqf, health waqf, religious waqf as well as corporate waqf (Monzeer, 2003).

The *waqf* institution has become the second most important institution after the zakah institution in the Islamic social responsibility system. The reason is that *waqf* assets can be utilized continuously by certain parties. Moreover, the flexible nature of *waqf* in terms of its form and concept has obviously proven its benefits for this mechanism to constantly developing and being widely practiced by the Muslim community. The tasks of empowering the waqf institution such as developing bonds and stock waqf, improving the concept of *waqf* and establishing the central waqf administration should be carried out so that it becomes a continuous paradigm shift to raise living standard of the people and boost economy of the whole *ummah*. Although *waqf* is not compulsory, it is not intended solely for religious worship, but rather it serves as a potential instrument to boost the economy and meet the needs of the Muslims. Such purposes can be achieved according to the principle of waqf property that is immovable, cannot be passed on to others and cannot be inherited. Meaning that *waqf* assets are permanent with long lasting benefits (Al-Shawkani, 2005).

Until now, *waqf* has undergone dynamic development as an instrument for Muslim economic development. The implementation of stock waqf which was first introduced by Johor Islamic Religious Council has increasingly gained public attention (Sayin et al. 2006). This concept of *mushtara'* (group) *waqf* allows people to join the *waqf* with cash even without having any permanent assets such as buildings or land. *Waqf* with cash through a stock waqf with certain sales values has been deduced in the 4th Fatwa Committee National Council of Islamic Religious Affairs of Malaysia held on 13th to 14th April 1982. The meeting has deduced that stock *waqf* to be used for development of *waqf* properties.

Also in the same Fatwa Committee meeting, the replacement *waqf (istibdal)* is allowed according to the opinion of Imam Abu Hanifah. A replacement *waqf* means exchanging *waqf* property with another property through sale or purchase or otherwise for the purpose of maintaining a *waqf* property. The replacement can be done only if the original *waqf* property found to be inaccessible. For instance, a *waqf* land that is located in a remotely inland area, thus it can be replaced provided that it is intended to maintain and develop the *waqf* property.

Sadaqah (Voluntary offering)

Islam strongly encourages the ummah to do good deeds including *sadaqah*. Encouragement of *sadaqah* is mentioned in many Quranic verses and hadith. It is further reinforced by the practice of the Prophet(p.b.u.h) and his companions. Words of Allah Almighty (Quran, al-Baqarah 2: 276):

يَمْحَقُ اللَّهُ الرِّبَا وَيُزِيلُ الصَّدَقَاتِ وَاللَّهُ لَا يُحِبُّ كُلَّ كَفَّارٍ أَثِيمٍ

Meaning :

Allah destroys interest and gives increase for charities. And Allah does not like every sinning disbeliever.

The verse shows prohibition of usury which can lead to infidelity and sinfulness and encouragement of *sadaqah* to gain more blessings of increase of wealth. God has encouraged people to perform *sadaqah* by assuring that their wealth will not diminish but rather they will be blessed and their wealth will generate more. Apart from helping those in need such as orphans, the elderly, the poor and the needy, *sadaqah* has also shaped the human soul to love and extend one another's help as they experience other people's hardships as well.

Unlike *zakah*, *sadaqah* does not have a minimum or maximum limit for contribution. In addition, the *sadaqah* fund does not specify its distribution to certain groups of recipients. Furthermore, there is no haul (timeline) set for *sadaqah* contribution. Therefore, if the *sadaqah* practice to be fully understood and effectively practiced by special institutions, it can be a powerful source for economic growth and development for Muslims. A number of areas that can be developed through *sadaqah* contributions are religious, health, education and socio-economic.

Islamic Corporate Responsibility System

Soal responsibility in Islam is a system with the purpose to maintain social justice in society. Sustainable economic growth and preservation of rights at every level of society are the main goals of social responsibility system in Islam. The wealthy and rich communities are responsible to help the poor and needy to create a social environment that helps one another and does not oppress one another.

The prohibition of usury, weighing fraud, corruption, oppression, exploitation of workers and business monopolies prove that Islam very much emphasizes on social responsibility system in society. Enforcement of *zakah* also educates every Muslim to share his wealth with the needy. *Zakah* is a major fiscal policy in Islam that guarantees social utility of a society (Naqvi 1990). In addition, taxation is also required to generate ongoing social security apart from *sadaqah*, *waqf*, *hibah* and wills. Fair distribution of wealth enables the well-being of community as a whole thus resolving economic problems often faced by Muslim community.

The exercise of social responsibility is an economic-ethical integration that seeks to set aside self-interest of individuals in the socialist and capitalist economies through the four basic principles of *Tawhid* (Unity), *al-'adl wa al-ihsan* (justice and benevolence), *ikhtiyar* (free will) and *fardh* (responsibility) (Naqvi 2003; Mohammed 2007).

In intellectual discourses among Muslim scholars, the system of social responsibility has very much debated in the fields of knowledge related to al-takaful al-ijtima'i, al-ta'min al-ijtima'i

and al-ḍaman al-ijtima'i. The three terms will be discussed to identify their similarities and differences in order to obtain a clear concept of an Islamic social responsibility system.

Al-Takaful Al-Ijtima

Al-takaful al-ijtima'i is a system of social responsibility in which society either individually or collectively secures, supports and assists one another towards material or moral well-being and strives to avoid any form of danger and harm in society (Abū Zahrah 1991; 'Ulwan 1989; al-'Awir 2006; al-Fanjari 1982). According to al-Fanjari (1989), *al-takaful al-ijtima'i* can be divided into two namely *al-takaful al-ma'nawi* and *al-takaful al-maddi*. *Al-takaful al-ma'nawi* can be described through love, tenderness, enjoining good and forbidding evil in the community. Whereas *al-takaful al-maddi* is portrayed through the cooperative nature of helping and fulfilling the rights of community members such as neighbours, family members, guests, the elderly, orphans and many others.

The *al-takaful al-ijtimai* system plays a role in preserving social justice in society, reducing poverty, improving life quality of the people, maintaining social harmony and strengthening social relations among the people ('Ulwan 1989). The system also serves to educate the public so that they are aware of responsibilities and rights that must be fulfilled to help those in need (al-Morsi 2006).

The concept of *al-takaful al-ijtima'i* in general serves to preserve well-being of society and to avoid any harm apart from educating individuals to inculcate responsible behavior. Therefore, in order for implementation of *al-takaful al-ijtima'i* social responsibility system to be more comprehensive to the public compared to the conventional economic system, various Islamic financial instruments need to be developed to conform with current needs of the people.

Among the potential instruments to develop the *al-takaful al-ijtima'i* system are through waqf funding which can be channeled to areas of need such as education, religion, health and poverty elimination (al-Morsi 2006). Through the concept of waqf that holds an asset of waqf to devote its long lasting benefits for welfare of the people, waqf has proven to play a major role in the *al-takaful al-ijtimai* system (Rahman 2009). Such waqf assets can be benefited from time to time and from generation to generation. Other than waqf asset there are also other instruments such as zakah, hibah, sadaqah and qard al-hasan loans ('Ulwan, 1989).

Al-Ta'min Al-Ijtima

Ta'min derives from the word *amana* which literally means protection, fearlessness, calmness of mind from all worries and fears, and peace and freedom (Ibn Manzur 2003). Technically, the term *al-ta'min al-ijtima'i* can be defined as a system that guarantees living necessities of the people in need (al-Fanjari 1989; Husain 2006). According to al-Fanjari (1982), the *al-ta'min al-ijtima'i* system is exercised by a special institution set up by a government or ruler while donated funds come from the community such as zakah and taxes. The beneficiaries, on the other hand, are subject to categories and conditions set by the government. The system is not profit based and it is obligatory for the rich and wealthy to distribute some of their wealth to the poor (al-Jamal 1975).

The principle of this system are *al-ta'awun* (cooperative aid) and *al-tawazun* (balance) among various levels of society. The rich will help the needy so their wealth can be fairly distributed in society and not to be monopolized by only a few group (al-Fanjari, 1989). Allah Almighty (Quran, al-Dhariyat 51: 19) speaks of the rights of the poor on wealth of the rich:

وَفِي أَمْوَالِهِمْ حَقٌّ لِّلسَّائِلِ وَالْمَحْرُومِ

Meaning :

And from their properties was [given] the right of the [needy] petitioner and the deprived.

Within context of the country, the *al-ta'min al-ijtima'i* system can be found in zakah enforcement. The government is responsible to ensure that the needs of the public are well taken care of. Moreover, communities who are well off and have sufficient means are required to pay zakah at certain rates and periods to be distributed to those in need. Zakah institutions are also established in many countries to ensure collection and distribution of zakah can be made systematically and effectively. Moreover, various incentives are also given such as income tax exemption as encouragement for zakah payers to fulfill their duty .

Al-Daman Al-Ijtima

Daman literally means assurance, liability or promise of something (Ibn Manzur 2003). While in technical terms, some *fuqaha'* (*fiqh* experts) define it as a liability that a person must fulfill because of his promise or claim regarding a property or occupation (Ibn Qudamah 1996). The combination of the words *al-daman al-ijtima'i* can be defined as social security or social obligation that must be fulfilled by an individual or group of people.

The above definition shows that there are two parties involved in the *al-daman al-ijtima'i* system, namely the guarantor and the beneficiary. Good interaction between the two parties will ensure practice of social responsibility and the benefits will be felt by both parties. For example, fulfillment of zakah obligation by the rich will secure the asnaf needs. Accordingly, if their needs are well looked after, the zakah payers will be blessed and favoured with increase of wealth. Furthermore, the community will be safeguarded from social misconduct such as theft, misappropriation of property, corruption and power abuse.

From the business outlook, corporations are accountable in assuring the quality and safety of their products to consumers. The assurance will be further supported with various policies and regulations issued by governments to maintain safety and protection of consumers. The *al-daman al-ijtimai* system in a way helps to organize the society to exercise their social duty within their capacity thus enjoyment of life well-being can be maintained together.

Similarities and Differences between *al-Takaful al-Ijtima'i*, *al-Ta'min al-Ijtima'i* and *al-Daman al-Ijtimai* systems

Discourse on similarities and differences of the *al-takaful al-ijtima'i* , *al-ta'min al-ijtimai* and *al-daman al-ijtima'i* are very scarce to be found in previous scholarly debates. Nevertheless, the three terms with regard to their definition, al-Fanjari (1989) and Husain (2006) define the terms *al-takaful al-ijtima'i*, *al-ta'min al-ijtima'i* and *al-daman al-ijtimai* as mutually securing in their social

responsibility for preservation of public interest. The three systems are either individually or collectively committed to protect and help one another on *ukhuwah* (brotherhood) basis. Nevertheless at commitment level, *al-takaful al-ijtima'i* is optional while *al-ta'min al-ijtimai* and *al-daman al-ijtimai* are obligatory in nature (Sharif & Bao 2013). Based on the differences, it is found that *al-takaful al-ijtimai* is governed by system of values and ethics. While *al-ta'min al-ijtimai* and *al-daman al-ijtimai* on the other hand are supervised by laws and regulations set by the government.

With regard to their objectives, the three systems are intended to safeguard the essential needs of the community and to protect the community from any danger or risk (al-Morsi 2006). Through the principles of *tawhid* (unity), *ukhuwah* (brotherhood), *ta'awun* (mutual cooperation), *adil and ihsan* (justice and goodwill), the three systems work in tandem to meet the needs of all soety members (Abu Zahrah 1991; al-Fanjari 1982; al-Fanjari 1989). *Tawhid* becomes the basis of all foundation for it anchors all the other principles. Strong *tawhid* will create a soety who understands that all wealths belongs to Allah alone and that humans only act as trustees to fulfill the rights of people in need.

In terms of involvement, systems of *al-takaful al-ijtimai*, *al-ta'min al-ijtimai* and *al-daman al-ijtimai* involves reproty or mutual relationship. It could involve relationship of two or more parties. For example, corporate companies have reprocal relationships with consumers. If a company provides quality products and services that are safe and secure, consumers will have the confidence thus reputation of the company will improve and, in turn, benefit corporate companies as a result of high consumer demands. The process shows that corporations and consumers are helpful to each other and looking after each other's rights and obligations.

Apart from that, the three systems are supported by two subsystems namely property ownership and wealth redistribution (Kamaruddin & Wang 2013). Islam encourages people to seek wealth as long as it is lawful. Additionally, Islam requires distribution of wealth from well off community to groups of people in need so they could share their wealths for sustenance purpose. Looking at the systems from *al-maddi* (material) aspect, the distribution of wealth can meet the basic needs of human life such as food, shelter, occupation, medine and education. As from *al-ma'nawi* (abstract) aspect on the other hand, soety is encouraged to love one another, to care for those in need, to put effort for assistance and to prevent harm and moral injustice in soety ('Ulwan 1989; Abu Zahrah 1991; al - Morsi 2006 & al-Fanjari 1989).

Conclusion

Soal responsibility in Islam has existed since the earliest days of Islam to the present phase of Islam through various forms such as *zakah*, *sadaqah* and *waqf* based on systems of *al-takaful al-ijtima'i*, *al-ta'min al-ijtima'i* and *al-daman al-ijtima'i*. Their method of implementation evolves from time to time to meet basic necessities of public needs. Further research can be extended by examining the implementation of soal responsibility in Malaysia which can be modeled as soal responsibility that adheres to principles outlined by Islam.

Corresponding Author

Nor Rosnita Gani, Faculty of Islamic Studies, National University of Malaysia, 43600, Bangi, Selangor, Malaysia. Email: norrosnita@gmail.com

References

- Abdelhamid, S. A. (2000). *Poverty and charity in medieval Islam: Mamluk-Egypt, 1250-1517*. United Kingdom: Cambridge University Press.
- Abu Zahrah, M. (1991). *al-Takaful al-Ijtima fi al-Islam*. Qaherah: Dar al-Fikr Al-^cArabi.
- Akta Pekerjaan 1955 (Semakan 1981) (Pindaan 1989).
- Al-Awir, M. A. K. (2006). *al-Jamyah al-Khairiyah al-Islamiyah wa dauruha fi al-Takaful al-Ijtima*. Dimasyq: Dar al-Nahdah.
- Al-Fanjari, M. S. (1982). *al-Islam wa al-Daman al-Ijtima*. Riyad: Dar al-Thaqif.
- Al-Fanjari, M. S. (1989). *al-Islam wa al-Ta'min : al-Ta'awun la li istighlal asas ^caqd al-Ta'min al-Islami*. Qaherah: al-Hai'at al-Masriyah al-^cAmmah.
- Al-Jamal, G. (1975). *al-Ta'min fi shari'ah al-Islamiyah wa al-Qanun*. Cairo: Dar al-Fikr al-^cArabi.
- Al-Morsi, A. H. (2006). Daur al-Waqf fi Tahqiq al-Takaful al-Ijtima fi al-Bi'ah al-Islamiyah. *Majallah Jami'ah al-Mulk Abd Al-^cAziz* 19 (2), 55-94.
- Al-Shawkani, M. (2005). *Nayl al-Awtar*. Jil. 3. Qaherah: Maktabah wa Matba'ah Mustafa al-Babi al-Halabi wa Awladihi.
- Ulwan, A. N. (1989). *al-Takaful al-Ijtima fi al-Islam*. Qaherah: Dar al-Salam.
- Husain, S. M. A. (2000). *Al-Tatbi' al-Mu'asir li al-Zakah: kaifa tahsib zakah malik*. Qaherah: Kuliyyah al-Tijarah Jamiah al-Azhar.
- Husain, S. M. A. (2006). *Mashruyah al-Ta'min wa anwa'u*. Misr: Al-Maktabah al-Qanuniyah.
- Abidin, I. M. A. (2000). *Hashiat radd al-Mukhtar*. Jil. 5. Dimashq: Dar al-Thaqafah wa al-Turath.
- Majah, I. M. (t.th). *Sunan Ibn Majah*. Riyadh: Maktabah al-Ma'arif li al-Nashr wa al-Tauzi'.
- Manzur, I. J. A. (2003). *Lisan al-^cArab*. Beirut: Dar al-Kutub al-Ilmiyah.
- Ibn Qudamah, A. (1996). *Al-Mughni*. Jil. 3 & 4. al-Qahirah: Dar al-Hadith.
- Ibrahim, P. (2008). Pembangunan ekonomi melalui agihan zakat : tinjauan empirikal. *Jurnal Syariah* 16 (2), 223-244.
- Khairi, K. F., Aziz, M. R. A., Laili, N. H., Nooh, M. N., Sabri, H. & Basah, M. Y. A. (2014). Human and economic development through share waqf (waqf corporate): The Case Of GLCs In Malaysia. *Life Sence Journal* 11 (1), 104-110.
- Mohamad, K. (1994). *Rijal haula al-Rasul*. Kaherah: Dar al-Muatam.
- Mohammed, J. A. (2007). Corporate soal responsibility in Islam.: Tesis Ph.D, Faculty Of Business, University Auckland Of Technology.
- Monzeer, K. (2003). The role of zakah in improving the ummah welfare. *International Seminar On Waqf As A Private Legal Body*, hlm. 2-26.
- Murat, C. 1995. Cash Waqfs of Bursa 1555-1823. *Journal of The Economic and Soety History of The Orient Leiden: E.J Brill* 38 (3), 313-346.
- Murat, C. (1998). Awqaf in history and its implication for modern Islamic economies. *Islamic Economy Studies* 6 (1), 43-70.

- Murat, C. (t.th). *A history of philanthropic foundations: The Islamic world from the seventh century to present*. t.tp. t.pt.
- Naqvi, S. N. H. (1990). *Etika dan ekonomi satu sintesis Islam*. Kuala Lumpur: Berita Publishing Sdn. Bhd.
- Naqvi, S. N. H. (2003). *Perspective on morality and human well-being*. United Kingdom: The Islamic Foundation.
- Ra'ana, I. M. (1970). *Economic system under Umar the great (A treatise on muslim economy in early seventh century)*. Pakistan: Ashraf Press.
- Rahman, A. (2009). Peranan Wakaf dalam pembangunan ekonomi umat Islam dan aplikasinya di Malaysia. *Jurnal Syariah* 17 (1), 113-152.
- Sayin, B., Ali, A & Suyurno, S. S. (2006). *Pengenalan kepada konsep wakaf dalam Islam*. Shah Alam: Penerbitan Universiti (UPENA), UiTM.
- Sharif & Bao. (2013). Theory and instrument of soal safety nets and soal insurance in islamic finance. Zamir Iqbal Mirakhor, *Economic development and Islamic finance*, pg.231-249. Washington: The World Bank.
- Taman, S. (2014). The concept of corporate soal responsibility in islamic law. *Indiana International & Comparative Law Review* 21(3), 481-508.
- Zahid, M. A., & Hassan, K. H. (2012). Corporate soal responsibility to employees: considering common law vis-à-vis islamic law prinples. *Pertanika J. Soc. S. & Hum* 20 (S), 87-100.