



## Islamic Corporate Social Responsibility: CSR Practices by Islamic Microfinance Institutions in Lampung

Endri Irawan<sup>1</sup> & Diana Ambarwati<sup>2\*</sup>

<sup>1,2</sup>Institut Agama Islam Negeri Metro, Lampung, Indonesia.

### Article Info

#### Article history:

Received Sept 22, 2023

Revised Oct 27, 2023

Accepted Nov 16, 2023

Published Dec 31, 2023

#### Keywords:

Corporate                      Sosial  
Responsibility;  
Islamic                      Microfinance  
Institutions;  
Sustainable Development.

### Abstract

**Purpose:** This article describes the practice of corporate social responsibility (CSR) adopted by *Baitul Maal Wa Tamwil* (BMT) in Lampung. This study also examines the literature on different views of CSR and how CSR can be rooted in organizational strategy so that it becomes an organizational competitive advantage. **Methodology:** A descriptive qualitative method was used in this study, in which the researchers conducted in-depth interviews with both BMT employees and beneficiary communities. **Findings:** This study found that *Baitul Maal Wa Tamwil*, which became the locus of research, namely BMT Assyafiiyah Berkah Nasional carries out CSR corporate social responsibility in several forms of programs both physical, facilitating and empowering in nature. The physical form is carried out by providing assistance for the construction of places of worship, Islamic boarding schools, the construction of drilled wells and a program to renovate livable houses. The form of facilitation is carried out by providing compensation, giving OTP (Sponsoring Parents), giving TPA incentives, community service cars and productive forms by giving rolling goats and providing business capital with a *qordul hasan* contract. This study recommends the need to increase the involvement of *baitul maal wattamwil* in the process of economic development in general, because the practice of corporate social responsibility will contribute not only to increasing the company's competitive advantage but also to increasing community empowerment. For the company, CSR will also ensure the company's sustainable growth due to improved image and increased customers leading to increased profitability.

This is an open-access article under the [CC BY-SA](https://creativecommons.org/licenses/by-sa/4.0/) license.



### Corresponding Author:

Diana Ambarwati

Institut Agama Islam Negeri Metro, Lampung, Indonesia

E-mail: [dianaambarwati@metrouniv.ac.id](mailto:dianaambarwati@metrouniv.ac.id)

## A. Introduction

The development of the implementation of social responsibility or Corporate Social Responsibility (CSR) according to RI Government Regulation No. 47 Year, 2012 Social and Environmental Responsibility, which reads: "Social and environmental responsibility is a company's obligation to carry out business activities in this field and or related with natural resources according to law". With the existence of government regulation No. 47 of 2012 it increasingly supports the development of Corporate Social Responsibility reporting in Indonesia. In this case, the company must provide activities related to society and the environment which make it a form of accountability and provide reports on its activities (Triwibowo et al., 2023).

In her research, Saputri stated that so far we have assumed that the business world is only looking for profit, but at this time in the modern business world their tendency to carry out social activities has changed the direction of business and changed the image of an organization that has social responsibility to society and the environment (Saputri & Isbanah, 2021). Nayenggita et al stated that the way that can be done is by holding Corporate Social activities (Nayenggita et al., 2019). In other research it was stated that CSR is a form of voluntary commitment of a company in improving the welfare of society and the environment. In addition, it is also not a business activity that is required by law and legislation, such as the obligation to pay taxes or the company's compliance with labor regulations. CSR is voluntary and must be upgraded to a more mandatory social responsibility (Finishtya et al., 2021). Social responsibility is seen as a program to empower people to be more economically independent.

CSR is also a company concern for the environment and the surrounding community. With the hope that this concern will be able to raise the company's image so that the public or consumers have more attention to the products produced by the company. Indirectly, this more public attention will later have a loyalty effect on the use of the company's products so that the profits from the company will also increase (Tanod et al., 2019).

Research on corporate social responsibility in baitulmaal watamwil is not new. There have been many researchers who have discussed it, including Endah Masrunik et al who discussed the Implementation of Corporate Social Responsibility (CSR) Baitul Maal Wat-Tamwil (BMT) Darussalam Wates. Where in this study revealed the activities carried out in the context of implementing Corporate Social Responsibility (CSR) (Irmadariyani, 2016).

Another study was conducted by Devi Ayu Kurniati who questioned the Distribution of CSR (Corporate Social Responsibility) Funds at KSPPS BMT Al Hikmah Ungaran, this study revealed that there were obstacles faced in distributing CSR funds, namely limited sources of funds so that the range of the spread of these funds was also limited (Kurniati, 2019). However, it is possible that each region will provide different experiences and socio-culture of the community, so it is necessary to study it in other areas, including in Lampung. Then another study was written by Ririn Irma Dariyani who wrote Implementation of Strategic Corporate Social Responsibility in the Shari'ah Enterprise Theory Perspective, this study revealed that the concept of *maslahah* has become the basis for implementing Corporate Social Responsibility (CSR) in BMT (Irmadariyani, 2016).

## B. Methods

This research is field research, namely research that uses field data as the main data source that aims to discover, develop, and test a science. The research method used in this

study is a qualitative research method, in which researchers explore information in the form of words not numbers. Qualitative research does not only describe single variables but can reveal the relationship between one variable and another. Primary data sources were obtained from a semi-structured interview process, while secondary data sources were obtained from BMT financial report documentation. Thus, it can be stated that the data collection techniques used were interviews and documentation. Interviews were conducted with employees and the surrounding community. While data analysis uses descriptive-analytical method, which is a method in examining the status of human groups, an object, situations and conditions, and systems of thought.

### C. Results and Discussion

#### Corporate Social Responsibility Practices at BMT Assyafiiyah Berkah Nasional

The BMT Assyafiiyah Berkah Nasional Cooperative for Savings and Loans and Sharia Financing (KSPPS) with legal entity No.28/BH/KDK.7.2/III/1999, is one of the National Primary KSPPS with its head office in Lampung and its address at Jl. General Sudirman no. 09 Kota Gajah Timur, Kotagajah, Central Lampung. KSPPS BMT Assyafiiyah Berkah Nasional as a sharia microfinance institution has the function of Baitul Tamwil and Baitul Maal. As Baitul Tamwil, it moves to develop productive and investment businesses to improve the quality of member micro and small businesses by encouraging saving and saving activities as well as economic financing. As the Baitul Maal, engaged in empowerment activities without profit orientation as the bearer of the mandate in collecting and distributing Zakat, Infaq, Shadaqoh and Wakaf funds. Now KSPPS BMT Assyafiiyah Berkah Nasional has 46 branch offices and Baitul Maal spread across the islands of Sumatra and Java (<https://www.bmtassyafiiyahbn.com/>).

Part of the KSPPS BMT Assyafiiyah Berkah Nasional which is specifically tasked with collecting, managing and distributing Zakat, Infaq and Sadaqah and other social funds for the welfare of the people. Funds raised will be distributed to those who are entitled (*Mustahiq*) according to the mandate, with movement priorities: (1) Community economic empowerment program through the provision of *Qordul Hasan* financing; (2) Social service, blood donation and circumcision; (3) Donation for Dhu'afa; and (4) Educational funding assistance through the Supporting Parents Movement (<https://www.bmtassyafiiyahbn.com/>).

In connection with the implementation of corporate responsibility at KSPPS BMT Assyafiiyah Berkah Nasional, hereinafter referred to as BMT ABN, it is carried out by an institution whose management is separate from *baitutamwil*. The Baitul Maal is in charge of collecting and managing zakat, infaq and sadaqah funds, both from transactions at this institution or from outside parties who distribute zakat, infak and alms through the baitul maal. Funds collected at the baitul maal will be distributed to the community as a form of corporate social responsibility through the program.

Distribution of corporate social responsibility funds is a form of concern and social responsibility towards the surrounding environment. Research shows that social responsibility does not only address social and environmental issues, but also supports the realization of an irrational development by balancing various aspects of the economy and social development supported by environmental protection (Zubair et al., 2019).

Social responsibility at BMT ABN is carried out on the basis of concern for the surrounding environment, wanting to improve the economy of the poor and small communities, and so that their existence benefits the community. BMT ABN in carrying out social responsibility, its attention focuses on three things namely (profit), society (people), and the environment (planet). Profit is not the main aspect that is pursued by BMT, but profit must be maintained so that BMT can continue to develop and be able to

help fellow human beings which is a form of CSR related to people and can help protect the environment and help development (planet) around BMT (A. Idawati, personal communication, 12 July 2022).

As a form of social responsibility to the environment, BMT ABN always believes that the property they own belongs solely to Allah AWT and humans are only given the mandate to use it properly. So that when BMTs carry out murabahah transactions, members are asked to voluntarily provide infaq or alms in which the management is used for the construction of mosques, TPA, Islamic boarding schools, house renovations, and the provision of OTP. As explained one of the managers at Baitul Maal Asyafiiyah National Berkah as follows:

*"Every month starting from the gathering of ammil every Friday or during transactions for distributing productive and consumptive business capital financing to partners through Baitul Tamwil (BT). The funds collected were then distributed to several activities such as the construction and operation of mosques, Al-Quran Education Parks, and Islamic boarding schools"* (L. Fatimah, personal communication, 12 July 2022).

This data is then strengthened by information from the recipient of the funds from Baitul Maal Asyafiiyah National Berkah, namely the treasurer of Masjid Baiturrahman which is presented as: *"We receive aid every Friday, provide showcases for travelers and congregations to drink from, and provide assistance to teaching staff at the mosque"* (A. Mujahid, personal communication, 12 July 2022). Based on the data described, the social responsibility program managed by BMT Berkah Nasional is aimed at providing additional income for social institutions such as mosques, Al-Quran education parks and Islamic boarding schools to provide incentives for teachers who teach and continue to provide good teaching to students. This social program is indeed carried out by many other institutions, but later due to the high need for the existence of social institutions, this institution has chosen to carry out the same program but with a different locus.

Furthermore, another form of social responsibility carried out by BMT ABN is by paying attention to the surrounding Human Resources. This program is carried out by providing special opportunities for the surrounding community who wish to become employees at BMT ABN. This means that in the process of fighting employees, the place of residence around the BMT becomes the main consideration. As done by one of the employees, Muhammad Irawan: *"Ardi, Musbihin, and I live near here, first, we received an announcement that priority was given to those who live near BMT. We immediately registered and were accepted. Alhamdulillah"* (M. Irawan, personal communication, 12 July 2022).

Then the researchers confirmed these priorities, Khoirudin, as HRD at BMT ABN confirmed these priorities. For BMT ABN where the earth stands are where the sky is upheld, that is the proverb conveyed by Mr. Khoirudin. Apart from Irawan, Ardi and Musbihin, there are other employees working, namely Kustriono, Mrs. Dwi and Mrs. Retno. Apart from being a form of BMT's responsibility to the surrounding community, this method can actually attract the trust of the surrounding community, so that the community will prefer this BMT compared to other institutions. This was also experienced by Bank Syariah Mandiri Jambi, which received a positive image from the community through the CSR program that was rolled out, as was the result of research by Agustin (Agustin Nengsih et al., 2021).

Apart from that, BMT ABN also provides compensation for orphans, provision of free groceries for the poor and dhuafa in the surrounding area. This program is carried out every Friday and rotates aimed at the surrounding community. It is hoped that this activity can help the poor and orphans to meet their food needs. The benefits of this

activity are felt by program recipients: *"Every Friday (BMT ABN) always gives free basic food supplies to underprivileged people like me. Even though I don't get it every Friday, almost all underprivileged people feel the benefits of providing these basic food supplies"* (Suliyati, personal communication, 12 July 2022).

Another statement was given by Supendi, as an employee directly involved in distributing the Baitul Maal funds. Supendi every Friday is always given the task of distributing groceries to the community. He felt happy and happy to see the smiling faces of the people when he received the groceries. Apart from distributing it, he is also tasked with finding and identifying people who are eligible to receive basic food supplies. So this activity is more targeted. he stated:

*"Once a week we distribute free necessities to underprivileged people. One person gets necessities with a total nominal value of one hundred thousand/person and is usually distributed to 5 people every Friday. There is no complete joy without giving and helping people who are in trouble. On the other hand, it is perfect joy when we can see the person we are helping smile and be cheerful"* (Supendi, personal communication, 12 July 2022).

Another CSR program carried out by BMT ABN is to help the community get a source of clean water from drilled wells. This program is a form of contribution for people who need a source of clean water. The provision of this assistance is usually concentrated in places where public facilities are available, such as mosques, near village halls where the community can easily access these places. Apart from that, the drilling of wells is also used as a medium for Islamic da'wah, so that the community moves to prosper the mosque. This program has been carried out since 2013 until now and has made 20 drilled wells which have been provided to the community in the BMT ABN working area (Khoiruddin, personal communication, 12 July 2022).

In addition to drilling wells, BM ABN also provides assistance for house renovations, for people who have difficulty having a livable house. This program has been continuously implemented since 2013. The house renovation program is given to beneficiaries in the form of materials to build houses, while the work is carried out by the community self-help. In this program the community is required to contribute in building houses. This is a form of community solidarity. This program apart from providing the community with the opportunity to preserve Indonesian culture, namely helping each other, is also a means of free promotion. So that it will have an impact on the good image of BMT which of course will provide its own benefits (Tyasari & Ruliana, 2021).

In addition to consumptive areas, the implementation of CSR BMT ABN is also included in productive areas. This program aims to provide opportunities for the community to try and develop their economy through this program. This program is provided by providing venture capital assistance without additional collateral and without any additions. This means that the recipient of this loan assistance will only repay the principal of the loan. This assistance can be used as capital to develop their respective businesses, be it animal husbandry, agriculture or other businesses. This loan assistance is provided in the form of goods or animals that can be productive, such as goat assistance within a certain period of time and then carried out on a revolving basis. The beneficiary in this case only cares for, benefits from maintenance like a goat when it has children. And then the mother goat will be given to other people in rotation, and so on. There are also those that are given in cash to stalls, which then the funds will be used to develop their business. In addition, BMT ABN also has 3 community service cars to help people who need these cars for medical purposes and access to hospitals that have just spread across the Lampung Tengah branch office area.

In order to realize good and targeted CSR, ABN's BMT does not only provide capital with a community-based economic system with the *Qordul Hasan* contract or the provision of rolling goats, but the people who receive these benefits are fostered through the MKU system (building the main family). From this system the beneficiaries are taught to manage the capital they receive to be managed to be more productive so as to be able to provide sustainable benefits. Apart from being fostered in worldly matters, they are also given an understanding of religion such as being taught to read the Koran to understand life after death. This is done to balance that what we are looking for is not only the world but the hereafter and also so that they can get closer to the Creator. Because in essence, when what we are after is the afterlife, then surely the world will follow. The productive CSR program launched by BMT ABN is in line with the CSR program of PT. PLN, as written by Syarifudin, stated that this kind of program makes a positive contribution to business sustainability (Syarifuddin, 2020).

Furthermore, related to program transparency, it is a mandatory requirement to ensure program sustainability. Activities that are transparent in their management and reporting process will provide evidence that these activities are proven to be accountable. In addition, transparency shows that managers have good competence. Conceptually, transparency is one of the principles of good corporate governance. The principle of transparency is carried out by providing sufficient information so that all Stakeholders are able to understand the performance and actions of the Company. In addition, it is an obligation that should be carried out by sharia entities such as BMT, to implement GCG in accordance with sharia principles. As a form of transparency in the management of CSR funds, BM ABN publishes its financial reports regularly. The report is published on the BMT website, so that it can be seen by the public as a form of accountability.

#### **D. Conclusion**

Based on the discussion above, it can be concluded that the practice of social responsibility is carried out through several forms of programs, both physical, facilitation and empowerment in nature. The physical form is carried out by providing assistance for the construction of places of worship, Islamic boarding schools, the construction of drilled wells and a program to renovate livable houses. The form of facilitation is carried out by providing compensation, giving OTP (Sponsoring Parents), giving Al-Quran Education Park incentives, community service cars and productive forms by giving rolling goats and providing business capital with a *qordul hasan* contract. This study recommends the need to increase the involvement of *baitul maal wattamwil* in the process of economic development in general, because the practice of corporate social responsibility will contribute not only to increasing the company's competitive advantage but also to increasing community empowerment. For the company, CSR will also ensure the company's sustainable growth due to improved image and increased customers leading to increased profitability. This will enable the company to survive in this highly competitive industry.

#### **E. Acknowledgements**

The authors would like to thank all parties who have provided data and information for this research, especially the administrators of BMT Asyafiiyah Berkah Nasional, who participated as informants.

## F. Author Contributions Statement

All authors collaborated and contributed to developing ideas and solving problems related to this research. Endri Irawan developed a theory and formulated findings. Meanwhile, Diana Ambarwati processed and analyzed the data as well as drafted discussion concepts, and worked on the language used in the research.

## G. References

- Agustin Nengsih et al., T. (2021). Corporate Social Responsibility on Image and Trust of Bank Syariah Mandiri. *Al-Iqtishad: Jurnal Ilmu Ekonomi Syariah*. <https://doi.org/10.15408/aiq.v13i1.18347>.
- Fatimah, L. (2022, July 12). *Praktik CSR pada Baitul Maal Asyafiiyah Berkah Nasional, Lampung* [Personal communication].
- Finishtya, F. C., Sriniyati, S., & Khasanah, E. N. (2021). Does Corporate Social Responsibility, Corporate Governance and Profitability Affect Earnings Management? Evidence From Manufacturing Firms in Indonesia. *Master: Jurnal Manajemen Dan Bisnis Terapan*, 1(2), Article 2. <https://doi.org/10.30595/jmbt.v1i2.12670>.
- Idawati, A. (2022, July 12). *Praktik CSR pada BMT Asyafiiyah Berkah Nasional, Lampung* [Personal communication].
- Irawan, M. (2022, July 12). *Praktik CSR pada Baitul Maal Asyafiiyah Berkah Nasional, Lampung* [Personal communication].
- Irmadariyani, R. (2016). Implementasi Strategic Corporate Social Responsibility Dalam Perspektif Shari'ah Enterprise Theory. *UNEJ E-Proceeding*, 842–851.
- Khoiruddin. (2022, July 12). *Praktik CSR pada BMT Asyafiiyah Berkah Nasional, Lampung* [Personal communication].
- Kurniati, D. A. (2019). *Analisis Penyaluran Dana Csr (Corporate Social Responsibility) Di Kspps Bmt Al-Hikmah Ungaran* [Other, IAIN SALATIGA]. <http://e-repository.perpus.uinsalatiga.ac.id/5772/>.
- Mujahid, A. (2022, July 12). *Praktik CSR pada Baitul Maal Asyafiiyah Berkah Nasional, Lampung* [Personal communication].
- Nayenggita, G. B., Raharjo, S. T., & Resnawaty, R. (2019). Praktik Corporate Social Responsibility (CSR) Di Indonesia. *Focus: Jurnal Pekerjaan Sosial*, 2(1), Article 1. <https://doi.org/10.24198/focus.v2i1.23119>.
- Saputri, M., & Isbanah, Y. (2021). Pengaruh Good Corporate Governance dan Corporate Sosial Responsibility terhadap Nilai Perusahaan dengan Kinerja Keuangan sebagai Variabel Mediasi pada Perusahaan Misscellaneous Industry di BEI Periode 2016-2019. *Jurnal Ilmu Manajemen*, 9(2), Article 2. <https://doi.org/10.26740/jim.v9n2.p651-669>.
- Suliyati. (2022, July 12). *Penerima Manfaat CSR BMT Asyafiiyah Berkah Nasional, Lampung* [Personal communication].
- Supendi. (2022, July 12). *Praktik CSR pada BMT Asyafiiyah Berkah Nasional, Lampung* [Personal communication].
- Syarifuddin, M. C. (2020). Dampak CSR terhadap Kesejahteraan Masyarakat Binaan Ternak PT. PLN Tanjung Jati B. *Efficient: Indonesian Journal of Development Economics*, 3(1), Article 1. <https://doi.org/10.15294/efficient.v3i1.35956>.
- Tanod, K. N., Nangoi, G. B., & Suwetja, I. G. (2019). Pengaruh Penerapan Corporate Social Responsibility Terhadap Profitabilitas Perusahaan Manufaktur Di Bursa Efek Indonesia Tahun 2013-2017. *Going Concern: Jurnal Riset Akuntansi*, 14(1), Article 1. <https://doi.org/10.32400/gc.14.1.22308.2019>.

- Triwibowo, A., Baidhowi, M. M., & Sugeng, A. (2023). Good and Bad Corporate Social Responsibility in Islamic Business Ethics Perspective. *Adzkiya: Jurnal Hukum Dan Ekonomi Syariah*, 11(2), Article 2. <https://doi.org/10.32332/adzkiya.v11i2.7683>.
- Tyasari, A. A., & Ruliana, P. (2021). Model Komunikasi Coorporate dalam Membangun Citra Perusahaan. *CARAKA: Indonesia Journal of Communication*, 2(1), Article 1. <https://doi.org/10.25008/caraka.v2i1.54>.
- Zubair, M. K., Rusdi, M. A., & Ismayanti, I. (2019). Dinamika Praktek Tanggungjawab Sosial Bank Syariah (Studi Bank Muamalat Makassar). *BALANCA: Jurnal Ekonomi Dan Bisnis Islam*, 1(2), Article 2. <https://doi.org/10.35905/balanca.v1i2.1143>.
- (N.d.). <https://www.bmtassyafiiyahbn.com/>