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CORPORATE SOCIAL PERFORMANCE (CSP): AN EXPERIENCE OF BANK ISLAM MALAYSIA BERHAD

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ABSTRACT

This research explores the sustainability of Islamic corporate social responsibilities (CSR) programs through the case study of bank Islam Malaysia berhad's sadaqa house platform. interviews with the key beneficiaries who are also the key informants for this study were selected based on their experiences when receiving the financial assistance. they revealed that focused csr initiatives led to enhanced satisfaction and quality of life. despite a small sample size, the study achieved its objectives due to the relevance of selected informants. this research contributes to understanding the impact and sustainability of CSR programs within financial institutions, particularly in emerging markets. bank Islam's experience offers a valuable benchmark for best practices.

Keywords: corporate social performance, Bank Islam, corporate social responsibilities, Sadaqa House, Islamic bank

INTRODUCTION

Since CSR has been defined in a variety of ways over the years by prior literature, it is challenging to come to a consensus on a word that is widely understood since it can imply different things to different people [1]. [2] define CSR as a broad and all-encompassing term that encompasses a range of concerns related to corporate obligations. [3] endeavoured to consolidate the diverse interpretations of CSR found in prior literature into four essential elements: economic, legal, ethical, and philanthropic.

These four components encompass all of a corporation's responsibilities to society, which are practical and grounded in reality, considering both the humanitarian nature of a firm and its need to make profits. [4] propose that the Islamic financial institutions (IFIs) have achieved their CSR goals, as demonstrated by their study on a specific Islamic bank in Malaysia. They also argue that CSR is expanding in tandem with the IFIs' favourable financial performance. This is consistent with the results reported by [4] on the corporate social performance of *takaful* in Malaysia. [5] highlighted the significance of IFIs to deliberately synchronise their decisions and actions in order to be socially accountable for advancing the well-being of society.

This viewpoint is also supported by [6], who explained that IFIs should engage in CSR in both obligatory and recommended manners. The compulsory documents include: investment screening, prohibition of illicit earnings, customer management, recruitment of exceptional staff, and payment of *zakat*. [7] Dusuki (2011) contends that the ethical and social responsibilities outlined by Western scholars can be extended to Islamic banking due to the universal nature of the main themes, which align with Islamic teachings. These themes include environmental stewardship, human resource management, philanthropy, and human rights.

[8] suggest that Islamic banks use sustainable techniques in their implementation of CSR. According to their viewpoint, this should be founded on comprehensive Islamic principles and should be directed towards various socioeconomic factions. Hence, it is imperative for Islamic banks to consistently enhance their consciousness, transparency, and supervision in their CSR endeavours. [9] emphasise that CSR efforts will enhance the reputation of Islamic banks in Bangladesh.

This is because Islamic banks need to be perceived as going beyond only financial considerations. Similarly, [10] concur that the Islamic banks' implementation of CSR initiatives

contributes to the development of a favourable reputation, which in turn increases customer inclination to choose these banks.

This is supported by the findings of [9] study on Islamic banks in Bangladesh, which revealed a positive correlation between the execution of CSR activities and the profitability of the banks over a five-year period. The research conducted by [9] is challenged by [4], who discovered that the Islamic banks in their study consistently engaged in CSR initiatives even though experiencing a reduction in profits in some years (as seen by the researchers).

The CSR initiatives are financed either by *zakat*, which is the obligatory alms tax that Islamic banks are required to pay annually from their profits, or through funds provided by the shareholders as part of their operational costs [11,12].

MATERIAL AND METHOD

The research used semi-structured interviews to balance focused questioning with the flexibility to explore topics as they emerged. This method allowed them to gather in-depth information about CSR initiatives from key Bank Islam Malaysia Berhad informants. Face-to-face interviews enabled researchers to observe nonverbal cues, enhancing data validity [13,14]. Interviews were conducted in either Malay or English based on participant preference.

Key informants were chosen for their expertise, availability, and interest in the research topic. The study interviewed three individuals from beneficiary institutions of the Sadaqa House CSR program. Though a small sample, this number allowed for rapport-building and data saturation, where all three informants provided consistent criteria [15]. This saturation point was important considering the study's external funding [16]. The selection of participants ensured a representative view of Sadaqa House beneficiaries. The key informants are:

Key informants, Universiti Teknologi Malaysia (UTM)

Key informants 2, National Heart Institute Foundation (YIJN)

Key informants 3, Sultanah Bahiah Foundation (YSB)

RESULTS AND DISCUSSION

Research Objective 1: Evaluate the long-term positive impact of Bank Islam Malaysia's CSR programs on beneficiary satisfaction.

Key findings: Beneficiaries of the Bank Islam Malaysia CSR program appear to have entered into agreements voluntarily.

Supporting Evidences:

- Key informants 2 emphasize mutual agreement and transparency between YIJN and Sadaqa House. YIJN willingly provided patient information for funding decisions.
- Key informants 3 describe YSB's participation as voluntary with alternative funding sources available.
- Key informants 1 confirm that UTM was approached by Bank Islam and freely chose to accept the offered funds.

Overall: The text suggests that there's no evidence of coercion in the CSR program's implementation. Beneficiaries made informed choices to participate based on open communication about goals, processes, and funding uses.

Research objective 2: Determine the long-term impact of the bank's CSR program on beneficiaries' well-being.

Key findings: Bank Islam Malaysia CSR program has mixed effects on employability for beneficiaries.

Supporting Evidences:

- YSB: The program likely increases employability by creating job opportunities through small business support.

- IJN: The program has no direct impact on employability as it focuses on covering medical bills for children. Indigenous communities: The program's impact on employability is uncertain. While it improves quality of life through solar energy access, it doesn't directly create jobs.

Overall, the program appears to prioritize improving basic living standards and healthcare access, which could indirectly enhance future employment prospects for beneficiaries

CONCLUSION

This analysis indicates that Bank Islam Malaysia's CSR activities have achieved sustainability via improved quality of life and happiness. The newly founded Sadaqa House has harnessed the knowledge and collaborative efforts of Bank Islam by providing a specialised platform for CSR initiatives. This has allowed the bank to prudently deploy funds for high-impact CSR initiatives and reduce spending on individual CSR events that lack consistency. It is imperative for other International Financial Institutions (IFIs) to evaluate their CSR initiatives in order to fulfil their dual obligations of being financially sustainable and socially accountable. This study has several limitations. Initially, the study just focuses on Bank Islam, which is inadequate to serve as a representative sample of all Islamic banks in Malaysia. However, the report effectively highlighted the achievement of Bank Islam in guaranteeing the sustainability of its CSR activities. Next, the key informants selected were only three. By having more key informants, more meaningful information can be captured. Nevertheless, the three key informants have been able to provide important insights on the impacts of CSR activities of Bank Islam through Sadaqa House platform which has contributed to the CSP of Bank Islam itself.

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