Islamic Social Responsibility Model and its Role on Poverty Reduction in Developing Countries.

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ABSTRACT
Less privileged, educationally and economically, un-sanitized health condition, youth crises/crime, all these and others are build out of Poverty which been the syndrome that affects developing nation. Poverty alleviation strategy is often required going by the growing rate of populace, increasingly multiplying to unwanted numbers. Therefore, a means to assist the government in reducing if not alleviating the syndrome from the society is necessary. The objective of this paper is therefore to explore the viable and of course tremendous social responsibility alternative tool in build in ISLAM. Being a business administrative oriented academia, social responsibility (SR) is one weapon quite used in business strategically to attract customers, enhance employees performance and of course reduce poverty level within the community its exist. This paper intent to trace Islamic point of social responsibility, capture way to enlighten business owners realized that even religion encouraged the use of social responsibility and to display the spiritual benefit which the participant may receive, here and the day after death. The authors believed that exploring the Islamic term in SR may encourage especially the Muslim’s business practitioners put more weight to the application of SR. there exist a believed that if business organization continue with successful plan of SR application determined, definitely the level of poverty may gradually reduce if not totally vanish. This study examines the potentials of Islamic social responsibility (ISR). In conclusion, it is imperative to realize that this paper will help improve and motivate Business owners across the Globe especially the Muslim in putting more weight to SR activities in reciprocation reduce/elicit the level of poverty in the developing country as such pave a way toward economic development.

Key words: Islamic Social Responsibility, Poverty Reduction, Model and Role, Developing Countries,
INTRODUCTION
This paper aspires as an instrument planned to wake-up our business owners re-build an existing knowledge stored in Islam. the world growth and emancipate into an edge of technology and social sciences innovative implementation of strategy, Islam has since made an allocation of those ideas and phenomena’s that contributed immensely to the development of human endeavors. Waqf (giving out asset for the sake Allah), Sadaqat (voluntary gift), Zakat (compulsory arms giving upon those whom own what is required), gesture, human relation, love, care, welfare, bonus, encouragement, appreciation, piety, assistance in any form etc all these are what conventional SR is talking upon. These and many of its type was since over 1436 years ago was initiated in Islam and were in practice among Muslim Umma. Therefore the idea here is to revive its tolerance amongst business owners, aim to encouraged them adopt the culture of its practice within the communities they exist. Now the challenge here base on globalization is to conventionally bring to the notice of our business sectors especially Muslim’s in cycle to identify the benefit surrounding the key elements ISR so that its positive reward reach both the giver and the receiver and the tail end is to empower communities so that poverty level is reduced if not alleviated.

Background of the Study,
In search for re-building Islamic Social Responsibility (ISR) culture amongst Muslim Umma been the derived to this study. The study specifically rest on an arm of inculcating the benefit of ISR into mind and affairs of business owners, all aim at reducing if not alleviating poverty within the society. Early Muslims were motivated to develop some aspect of ISR such as Waqf, organization capable of indefinite existence. If nothing else, the huge start-up costs of providing certain durable social services to communities, created a need, as it did elsewhere, for an organizational to be able to spread those costs over a long time frame. Construction and maintenance of Mosques, fountains, and schools offer examples of structures that are both expensive to build and have an extended economically useful life. However, nowadays the culture is about
flourishing away. In those days the actions are more of individual contribution. This paper found out that the privileges exist in Islam if brought out to the knowledge of wider societies especially the business sector may quiet immensely hijack the pain of poverty especially in the developing countries. Its benefit is of two ways, the participant (business owners) and the beneficiaries (communities) both possessed positive action. The former gain business enhancement, reputation, employee sustenance, profit growth etc and the later enjoyed acquisition of capital to start up, new life and community advancement above all poverty level reduction. Essence is if only the conventional form of SR left along which is not much pronounce amongst the business sectors especially in the developing nation might be ill-perceive, but announcing ISR, which core benefit is known by many, may encouraged as well as induced the business sectors to give full pledge participation.

**Definition of SR (conventional and Islamic meaning of SR)**

**Meaning of Social Responsibility (SR)**

Many theorist, authors and researchers defined social responsibility in many aspects. Recently SR is defined by;

(a) International Institute for Sustainable Development (2007) define SR as; “Social responsibility (is the) responsibility of an organization for the impacts of its decisions and activities on society and the environment through transparent and ethical behavior that is consistent with sustainable development and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behavior; and is integrated throughout the organization.” (Working definition, International Organization for Standardization (ISO) 26000 Working Group on Social Responsibility, Sydney, February 2007).

(b) Definition by Ye, Hoje & Carrie (2011)

“Suggest that while the definition of CSR varies, it generally refers to serving people, communities, and the environment in ways that go above and beyond what is legally required of a firm. In a nutshell, to comment on this definition, its’ refers
to as, for an oriented business organization to be said socially responsible must partake in extending its’ gesture beyond the stipulated obligation legally expected from, in serving its’ employee, customers, environment in which the firm/business is located as well as the community in which the business affect directly or indirectly”.

(c) Social Responsibility: Refers’ to an organization's contributions to society and communities extraneous to its regular business activities - whether such contributions are monetary or in the form of other organizational resources or time. (Chetty 2008, Amaeshi, M. K., Bongo, C. A., Chris, O., & Amao, O.O. 2006).

Islamic Social Responsibility (ISR)

Taking into consideration the meaning of social responsibility addressed above, it’s made us to realized that SR is about goodness, kindness so to say welfare etc and as such these actions was spelled out clearly in Islam as mentioned above 1436 years ago. There we may say ISR referred to the call from Allah (SWT) in many verses of the Holy Qur’an such as:

- In chapter two (2), verses 254 “O you who believe! Spend out of (the bounties) We have provided for you, before the Day comes when no bargaining will avail, nor friendship, nor intercession. Those who reject faith-they are the wrong doers”.

- In one of the subsequent verse, chapter 2 verses 262 Allah said “Those who spend their substance in the cause of Allah, and follow not up their gifts with reminders of their generosity or with injury-for them, their reward is with their Lord: On them shall be no fear, nor shall they grieve”.

- In the preceding verse again, chapter 2 verse 265 “And the likeness of those who spend their substance, seeking to please Allah and to strengthen their souls is as a garden, high and fertile: heavy rain falls on it but makes it yield a double increase of harvest, and if it receives not heavy rain, light moisture suffices it. Allah sees well whatever you do”
Likewise in chapter 3 verses 92 Allah again says “By no means shall you attain righteousness unless you give (freely) of that which you love; and whatever you give, of a truth Allah knows it well”.

Let us close with the saying of Prophet (SAW), “Avoid Hellfire if only by a piece of date” (you give in charity). Bukhary and Muslim. These and many verses demonstrated the good gesture Islam has for the course of upgrading the less-privileges within the society. We can now say SR had gotten a place in ISLAM.

**Concept of Social Responsibility**

Actually SR is a strategic application in pondering to create good relationship between an organization, internal stake holder and the society’s its leave in. The concept of social responsibility has evolved over time in three movements. The first movement is known as the social responsibility movement which saw the responsibility of firms as one focusing on the business obligation of the firm as well as on motivation. The second is the Social Responsiveness movement which emphasizes action and activity by the firm towards meeting some social obligations to society (being responsive). It underscores activities that have projected and defined outcomes that match or contribute to development objectives or policies defined by a firm. And the third, which summarizes into the CSR practiced today, is Corporate Social Performance (CSP) and relates to how well an institution has translated its social goals into practice (outcomes and results). SR is about the contribution a company makes to society through its core business activities (Ronald C. E. online access April 2015). We made to realizes that the concept of SR mission, so to say is a voluntary contribution for the benefit of the larger society.

**Islamic view on social responsibility**

To trace an Islamic view on SR, summarily the below ayat (Verse) and Hadith (saying of Prophet SAW) may give us a brief clue that Islam was not even having a view on SR but Islam was the originator of SR. Since the below pronouncement was made 1436
year ago and was in practice since then. Therefore we conclude that a total support and commendation on SR is noted in Islam. Below, a table, contained verse and saying of Prophet (SAW) giving emphasis on the notion.

<table>
<thead>
<tr>
<th>QUR’AN</th>
<th>HADITH</th>
</tr>
</thead>
<tbody>
<tr>
<td>By no means shall ye attain righteousness unless ye give (freely) of that which ye love; and whatever ye give, of a truth God knoweth it well. (Surat Al-'Imran, 3:92)</td>
<td>The Prophet (SAW) said: Prophet SAW has told us; spend in (charity) O son of Adam, and even so shall Allah spend on you! Bukhari and Muslim</td>
</tr>
</tbody>
</table>

Source: Qur’an Karim and Hadith

To put more weight to the assertion Islam had made some declaration toward administering and logical implementation of goodness to SR, amongst others are;

- Zakat (compulsory alms giving) as social responsibility
- Sadaqat (voluntary gift) as social responsibility
- Qard Hassan (free-Interest Loan)
- Waqf (free asset investment) as social responsibility
- Gesture, charity as social responsibility
- Kindness, and good word as social responsibility
- Neighborhood, guest, and family relation as social responsibility
- Etc.

- Zakat – Means Obligatory alms giving or alms upon wealth. It’s stand as the third pillar of Islam coming immediately after Salat (compulsory Prayer). Every Muslim possessing the designated value or amount for the full cycle of the lunar year must as a matter of worship compulsorily gives out the standard percentage allocated as Allah (SWT) Mentioned zakat in 82 verses which always accompanied with Salat in the Holy book (Qur’an) one amongst them is chapter 2 verses 43 Allah (SWT) Says “And be steadfast in prayer; practice **regular Charity**; and bow down your heads with
those who bow down (in worship )” Here Zakat was mention as “regular charity”.

To whom zakat is giving – to the needies as categorized. The sole aim is to purify the giver’s wealth, share happiness on the faces of the needies and to enrich the society. This action indicate social relation, as an individual that Allah blessed with wealth leaving within the society directly or indirectly you also benefit from the larger society in which you leave then may look socially wise to also share the joy of your wealth to members of a society. This gives us a room to categorized ‘Zakat’ as an ISR.

- Sadaqat - ‘Voluntary gift’ or ‘Charity’ in one of the saying (Hadith) of a Prophet (SAW) “Charity the worth even of a (single) date is accepted by Allah so long as it is from lawful earning. Allah takes it in His Right Hand and nurtures it for its giver in the same way you bring up your horse’s yearling, until that small bit of charity becomes like a mountain”. (Sahih Al-Bukhari No 491).

In this Hadith it shows a point of inducement that whoever in need of paradise should indulge in given out Sadaqat as much as he give the more reward are accumulated. For a business owner, is two way benefit ‘business reputation and reward from Allah’.

- Qard Hassan (free-Interest Loan) – for a business owner is indeed a great weapon for winning the heart of your employee and customers, to initiate a unit/program of issuing free interest loan to them, doing so will keep them going with you and their morale will remain busted and above all you have performed what Allah wishes clean business and absent from riba (unwanted interest or usury) as Allah say’s "They say, trade is like interest and Allah has allowed trade and prohibited interest." (2:275).

- Waqf (free asset investment) as social responsibility - Waqf as an Islamic public finance instrument can be seen as a great potential mechanisms that played a significant role in generating a prominent sources of financing for the state and for the needs of the Muslim ummah who are complex and
Waqf (endowment), in Arabic language, means holding, confinement or prohibition. The word Waqf is used in Islam with the meaning of holding certain property and preserving it for the confined benefit of certain philanthropic use and prohibiting any use or disposition of it, outside that specific objective. The Waqf served as a “vehicle for financing Islam as a society” (Cengiz, T., Bedriye, T., Sinan, Y., 2004; Nor, A. K. 2010). The clear cut here if business owners should pave a way to practicing waqf then certainly their social responsiveness will accumulate growth in the size of their business and alas! Poverty will reduce.

- Gesture, Charity, Kindness, Good word, Neighborhood relation, Guest relation, and family relation as social responsibility – Conventionally making a good gesture to a customer or employer giving such to employee poster love and unity, such is addressed as SR, at the same time charity to communities, kindness to employees good neighborhood with communities, respect to organizational guest and holding organizational members as family are technics of SR. The point here now Islam has equally even earlier has made a call toward featuring such act 1436 years ago. As mentioned in one of the narration of Prophet (SAW) “Whoever believed in Allah and the day of judgment must honor his guest and neighbors” In another Hadith Prophet (SAW) Said “The best Charity is to your needy relatives” Tabarani, No 204. Honor here means showing kindness, good gesture, good word, proper relation, entertainment, assistance materially, financially or otherwise etc. This indicated how Islam has support for every aspect of SR. This also made us to believe that they called ISR.

**Benefit of SR (Organization and Beneficiaries)**

The below table exhibited some of the numerous benefit an organization or individual in business may derived once
participating in SR, equally the beneficiaries also derive some benefit as represented in the below table.

<table>
<thead>
<tr>
<th>GIVER (Business Owners) Benefit</th>
<th>RECEIVER (Communities)</th>
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</thead>
<tbody>
<tr>
<td>TANGIBLE:</td>
<td></td>
</tr>
<tr>
<td>• Sales growth</td>
<td>• Community improvement</td>
</tr>
<tr>
<td>• Profit growth</td>
<td>• Reduce local unemployment</td>
</tr>
<tr>
<td>INTANGIBLE:</td>
<td>• Social and economic inclusion</td>
</tr>
<tr>
<td>• Community goodwill</td>
<td>• Social cohesion in the community</td>
</tr>
<tr>
<td>• Access to local talent</td>
<td>• Customer satisfaction</td>
</tr>
<tr>
<td>• Customer loyalty</td>
<td>• Soliderity community</td>
</tr>
<tr>
<td>• Increase customer base</td>
<td>• Poverty reduction</td>
</tr>
<tr>
<td>• Employee loyalty</td>
<td>• Skills improvements in the community</td>
</tr>
<tr>
<td>• Increase productivity</td>
<td>• High rate of Employment</td>
</tr>
<tr>
<td>• Motivated workforce</td>
<td>• Work/life balance</td>
</tr>
</tbody>
</table>

Other spiritual benefit ISR possessed were some narrations.

- Allah (SWT) Said “Those who (in charity) spend of their goods by night and by day, in secret and in public, have their reward with their lord: on them shall be no fear, nor shall they grieve.” Chapter 2 verse 274.

From the verse we noticed that whoever gives out or spend out of his wealth voluntarily, Allah assured him that he should not have fear on the day of reckoning, means paradise is promised for them. In nut shell the business owner that indulge in SR Islam has provided him with permanent benefit hereafter.

- In another verse again Allah (SWA) said “Say (to them O Prophet) verily it is my lord (along) who extends (abundant) provision to whomever He so wills among His servant. And He (along) restrict (its) from whoever (He so will). So whatever (sum) you may spend from anything (for the sake of God), He shall replace it (for you here and reward you for it hereafter) For He is the best provider”. Saba chapter 34 verse 39.
Prophet (SAW) in one of his narration said “Fasting is a shield and charity extinguishes sin like water extinguishes fire” Sahih AL-Targhib wa Al-Tarhib

Prophet (SAW) Said “Seven shall Allah shade in His shade on a day when there shall be only His shade...(among them is) one who gave charity so secretly, his left hand knew not what his right hand spend therein” Bukhari and Muslim.

This and many saying of Allah (SWT), deed and saying of Prophet (SAW) exhibited the bounties one can receive as much as he continues as a charity giver and doers.

**Poverty reductions avenues**

Poverty alleviation “Poverty is a household name most especially in the Third World Nations. However, it is a plague that affects all people across the globe. Governments at all levels had embarked on policies and measures at different times to eradicate this menace to no effect. Thus, the phenomenon “poverty alleviation” emanated. It is essential to make an attempt to define the need to successfully live; such basic necessities as food, water, education, healthcare and shelter” (Ojo, A. S 2014).

However, it’s one of the reason this paper focus to educate the business owners in extending more hand in this dimension of inculcating ISR benefit which we believe may encourage SR activities and it’s still a believe that the more the SR the greater the reduction of poverty.

**Privilege to Developing Nations.**

ISR is one instrument to improve the welfare of Islamic society, namely the ummah. Its importance is widespread among all Muslim countries with each country has different method in implementation. With its vast application, especially in the developing nation where poverty has took a stand, the menace of bitter poverty may be shield with happy economic stand. It’s not an easy task to utilize the concept SR/ISR, because any required phenomenon that involve the expense of cash tend to be uneasy. This paper believed that surfing ISR Idea may subtle and induce the business owner established the activities. This paper build it concept considering developing nations
populace and problems, the grass root is to established and institutionalize the culture of proper SR usage and acknowledge business owners the reward behind its adoption both the business owners and beneficiaries across. Another vital significance is the reduction of poverty level if not total eradication and of course reducing burden on government.

**Conclusions**

Derivative extracted are the result of Islamic taught, knowledge of business administration, consideration of the global movement indicator. Modern thought is necessary to find solution for situations. The authors did their best to justify the topic which raised more light on the perspective of Islam toward social responsibility in a clearer dimension for business owners especially in developing countries, addressing a phenomenon for more understanding and implementation of SR activities across all sectors.

**Recommendation**

Business owners, large, medium and small scale owner including individuals should use this study judiciously as may assist them in empowering their business goal of profit maximization, business reputation, social cohesion, employees retained, community gesture, goodwill generation and above all business growth and expansion.
References
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6. Holy Qur’an chapter 2 verses 262
7. Holy Qur’an chapter 2 verse 265
8. Holy Qur’an chapter 3 verses 92
11. Book of Bukhari and Muslim
12. Holy Qur’an chapter 2 verses 43
13. Prophet (SAW) Hadith, Sahih Al-Bukhari No 491
14. Holy Qur’an chapter 2 verses 275
18. Prophet (SAW) Hadith, Tabarani, No 204
19. Holy Qur’an, Chapter 2 verse 274.
20. Holy Qur’an, Saba chapter 34 verse 39