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Islamic Corporate Social Responsibility: An Exploratory Study in Islamic Microfinance Institutions

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Abstract

The research objectives are to study the implementation of Islamic Corporate Social Responsibility (i-CSR) values in BMT UGT Sidogiri, an Islamic microfinance institution in Indonesia based on Islamic boarding school or *pesantren*. This research employed a post-positivist paradigm. Data observation was performed by conducting an in-depth interview with several informants. The data analysis utilized an interactive model technique. The research results showed that i-CSR was successfully implemented in the Islamic microfinance institution based on Islamic boarding school due to the mutual passion (convergence) with conventional CSR typologies. The convergence is in two ways, firstly managerial behavior that focuses on protecting company stakeholders, second, creating sustainable corporate values through effective and efficient business activities. The orientation is the creation of a social role based on justice and sustainable development. The convergence is mainly in the dimensions of economic, legal, ethical and philanthropic responsibilities. The Islamic values have enriched the implementation of i-CSR as the form of practicing the teachings of Islam and evidence of human servitude to God so that the behaviors become worthy of worship. The implementation of i-CSR focused on the Islamic teachings. Compliance to Islamic jurisprudence and apply it in business activities became a divergent element of conventional CSR concept.

Keywords: Corporate Social Responsibility (CSR), Islamic Corporate Social Responsibility (i-CSR), Islamic Microfinance, Islamic Boarding School

JEL Classification Code: G21, G23, M14, M21

1. Introduction

Nowadays, Corporate Social Responsibility (CSR) becomes an important issue and strategy for organizations and business (Ahmad et al., 2015; Carroll, 2015; Tafti et al., 2012). Even the newest research revealed that the study on CSR is getting more complex and varied (Ferramosca & Verona, 2020; Jamali & Karam, 2018). Furthermore, stakeholders also encourage organizations to increase CSR activities (Arshad et al., 2012; Carroll, 2015). This is imperative since even the smallest neglect by the

organization in conducting CSR activities will impact on the loss and decline in social reputation and economic profit (Branco & Rodrigues, 2008). Accordingly, CSR is seen as a high-profile strategic concept to many companies (Luo & Bhattacharya, 2006) and is an integrated concept of social roles, environmental awareness, and interaction with the company stakeholders voluntarily (European Commission, 2001; Falck & Heblich, 2007).

Principally, the integration of CSR main activities needs to be coherent with the activities based on moral value or ethics (Baskentli et al., 2018; Kolk, 2016), including religion. Several previous studies showed that the company scandals in modern business such as scandals of Enron and WorldCom in 2001 and 2002 (Bedendo et al., 2018), Volkswagen emissions scandal in 2015 (Rhodes, 2016) and the scandal of construction company in England Mabey and Johnson (M & J) (Sarpong et al., 2018) are several small examples of deviant business activities from the ethical and religious values as well as raise concerns on the roles and responsibility of a company (Khurshid et al., 2014). Therefore, religion is a key element to establish and spread

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the ethics consistent with religious doctrines, and suggest conducting business in an ethical manner (Brammer et al., 2007; Mohammad & Quoquab, 2016; Peifer, 2015).

All this time, the study about ethics and CRS tend to be done more by multinational companies (Creixans-Tenas et al., 2019; Dyck et al., 2018; Liang & Renneboog, 2017; Nuswantara & Pramesti, 2020) and still scarcely performed by small-medium enterprises (Spence, 2016). Furthermore, several studies on CSR have been carried out so far in perspectives other than Islam (Lantos, 2002; Shin et al., 2016), as well as other studies in the Islamic religion's perspective (Beekun & Badawi, 2005; Khurshid et al., 2014). However, several studies on the CSR, which have been conducted in the religious perspective, tend only to focus on big-scale businesses and have not been conducted in the business context such as cooperative based on Islamic boarding school or *pesantren*. Islamic boarding schools have tremendous potentials in economic development, mainly based on Islamic economy (Pohl, 2006).

Related to *pesantren* as Islamic education institution, the newest legal data of Indonesian Republic government mentioned that Indonesia has an estimated 28,194 *pesantren* spread across both urban and rural areas with a significant number of students totaling 4,290,626. Of the number of *pesantren*, one of the *pesantren* whose management and alumni put a great deal of attention to economic empowerment is the *Pesantren Sidogiri* through the BMT UGT Sidogiri Cooperative. Based on the annual member meeting, the data of BMT UGT Sidogiri in 2020 currently shows total assets of 3 trillion and a total of 21,115 people. This position places the BMT UGT Sidogiri cooperative as a Islamic microfinance institution based on *pesantren* with the largest assets in Indonesia. Interestingly, this BMT UGT Sidogiri is managed by the students and alumni who generally do not take economy and business classes in the university. However, they show a high passion and performance in enhancing the national economy.

Seeing the competence of BMT UGT Sidogiri, the study focuses on the business operation's aspects that are ethically and socially responsible (CSR) in the perspective of *pesantren* students who run a business; it is a subject interesting to be studied and, of course, from the perspective of Islam. The concept of CSR is highly influenced by the different religious and cultural points of view (Darus et al., 2015; Khurshid et al., 2014), different perspectives on the business roles in society (Lantos, 2001) and Islamic religion values (Angelidis & Ibrahim, 2004; Aribi & Gao, 2010; Khurshid et al., 2014). In relation to this, Khurshid et al. (2014) offered a concept of Islamic Corporate Social Responsibility (i-CSR), which is the development of CSR model as suggested by Carroll (1979). The i-CSR concept is developed based on the operational definition of CSR, which includes economy, law, ethics, and CSR philanthropy from the perspective of Islam.

Based on the above framework, it is essential to study how the i-CSR values are implemented on the business practice run by the *pesantren*' students and alumni, which enables generating a new perspective. Thus, through this research, the success of BMT UGT Sidogiri conducting i-CSR can impact on the whole enterprises or cooperatives based on the Islamic boarding school around the world, and particularly in Indonesia.

2. Methodology

This research employed a qualitative approach with a post-positivist paradigm (Creswell & Creswell, 2013). It also used a single-case study as the research focus (Yin, 2014) on the implementation of i-CSR values offered by Khurshid et al. (2014), which is the development of Carroll model CSR (Carroll, 1979) at BMT UGT Sidogiri Indonesia. This research has taken in consideration the uniqueness of BMT UGT Sidogiri as the largest cooperative based on *pesantren* in Indonesia. This research was conducted from 2019 to 2020. The sampling technique used in this research was purposive sampling to determine the key informants who were the Chairmen of the Board, and snowball sampling to determine the next informants who were President Director, Financial Supervisor, Sharia Supervisor, Treasurer of the *Pesantren Sidogiri*, and Treasurer of the Students and Alumni Association (IASS), as well as Employees. The data collection was carried out by in-depth interviews (Yin, 2014) with some informants. The results of the interview were then recorded and transcribed for a discussion topic. The data analysis technique used in this research was an interactive model (Miles et al., 2014). To maintain the quality standard of the research, validity check, data comparison, and data verification in this research were conducted through triangulation (Patton & Patton, 2002).

3. Results and Discussion

This research examined how the implementation of i-CSR values in the Islamic microfinance is based on *pesantren* in BMT UGT Sidogiri using an i-CSR model proposed by Khurshid et al. (2014), which is the development of Carroll model CSR (Carroll, 1979). Concisely, the typology of CSR proposed by Carroll (1979) includes the responsibility of economy, law, ethics, and philanthropy.

3.1. Basic Foundation of i-CSR

3.1.1. Iman (Faith)

Based on the research results, it was found that the implementation of i-CSR focused on the Islamic teachings, which are the foundation of *Iman*, *Islam*, and *Ihsan*. The faith will raise two types of awareness for businessmen: first,

the factor of production is the creation and belongs to Allah, meaning that human ownership is very relative and limited. So, obedience to seek *halal* property and leave the *haram* becomes essential because the benefits will return to humans. Secondly, the purpose of human creation is to worship Allah. Then each human effort in the context of business can be worthy of worshipping Allah by keep holding on to the Islamic sharia teachings.

Iman, or faith in Allah is the basic foundation of various activities to shape attitudes and practices whose orientation is a form of worship (Achour, 2015). Besides, *iman* in the oneness of Allah (*tawhid* to Allah) becomes the main basis that affects the whole life, body and soul, attitude and behavior. Faith is not only understood in the context of rituals, but also defined in good deeds (Rice, 1999), including the virtues in the form of i-CSR. I-CSR includes a broader meaning, which is the dimension of piety where corporations as groups of individuals have roles and responsibilities as servants and representatives of the community in various conditions (Siwar & Hossain, 2009). This awareness of serving and representing the community is the key to the success of the i-CSR program. In addition, the feeling of dissatisfaction makes *iman* to be not only manifested in ritual worship, but also in social development. It is the difference between the teachings of Islam from other religions (Elasrag, 2015).

3.1.2. *Islam (Sharia Based)*

The implementation of Islamic sharia based on faith will strengthen the spirituality of business people so that the purpose of the world and the hereafter can be realized. Commitment to religion, through the implementation of sharia, raises work ethics such as discipline, honesty, good manners, not being rampant to others, and responsibility for the duties assigned. The implementation of the i-CSR program refers to the principle that business presence must not be harmful, but contributes positively to the welfare of society. BMT UGT Sidogiri has responsibilities to stakeholders based on ethical principles and moral values, which are regulated by Islamic jurisprudence (*fiqh*). From the point of view of Islam, the practice of i-CSR in the perspective of social justice shows that the relationship between business activities and society is a natural unit whose rules are based on Islamic sharia (Mohammad & Quoquab, 2016). It is the essence of Islamic sharia as the foundation of i-CSR which has two main aspects, namely, worship and social transactions (Naqvi, 1994). The i-CSR program with Islamic sharia principles indirectly gives a large influence on the overall business operations. At the operational level, for example, sharia principles prohibit usury, gambling and transactions that contain uncertainty. In addition, it prohibits unethical transactions that only pursue profit. This basis becomes the filter that every product is certainly *halal*. At the management level, it is committed to be socially

responsible by managing and distributing *zakat* (almsgiving), conducting charitable and philanthropic activities that contribute positively to community development, upholding employees' rights and being environmentally friendly as stated in the i-CSR program.

3.1.3. *Ihsan (Good Attitude)*

The foundation of *Iman* to Allah and the implementation of an excellent Islamic sharia raise a good attitude (*ihsan*), which is beneficial for other people without any remuneration through i-CSR activities. *Ihsan's* aims to ensure that humans are always working to improve themselves. *Ihsan* implementation through CSR aims to generate happiness in living in the world and the hereafter, in human relations with God, with oneself, with others and with nature (stakeholders). The good values from the realization of *ihsan* are implemented in the business life and organization so that it becomes the work ethic. The informant's view supports the results of previous studies, which stated that the Islamic ethics in business leads to justice and balance values on the stakeholders (Beekun & Badawi, 2005).

Good deeds in i-CSR program show the principle of monotheism to Allah, brotherhood, justice, growth and community development. *Ihsan* as the basis of the i-CSR program in the perspective of the Islamic economic system carries the mandate of an Islamic moral economy, which not only maximizes profits as in pure capitalism, but also pays attention to the justice values. Moral and ethical values in the Islamic view are known as *akhlaq* (Naqvi, 1994). The practice of i-CSR has contributed not only to aspects of economic welfare, but also awareness of believing in God, or another perspective called *taqwa*-centric (Dusuki, 2008). It means that the i-CSR program is carried out by still considering economic elements, as in the first level of the Carroll CSR pyramid, but remains socially responsible for one's own will because of belief in God and piety awareness. The implementation of i-CSR aimed at achieving the benefits and *maslahah* (public interest) for many people and oriented to the valuable worship to Allah. This perspective rejects the view that CSR is only oriented to rationality and reason argumentation (Lutz, 2002), and also rejected the perspective that states that the business's objectives are merely to obtain material benefits (Lantos, 2001).

3.2. Distribution of Corporate Social Funds to Stakeholders

The i-CSR practice comes from beneficial activities for stakeholders as a form of their responsibility. Related to the company's behavior and management as well as its responsibilities to the community, i-CSR does not only take care of all stakeholders. The intended stakeholders are individuals as well as other stakeholders (Azid et al., 2007), although

this opinion is opposed by other researchers who explain that stakeholders are limited to individuals (Buchholz, 2004; Phillips & Reichart, 2000). In the perspective of BMT UGT Sidogiri management, the stakeholders previously mentioned are those who receive benefit from the existence of BMT UGT Sidogiri, both individually and others so that all stakeholders can be helped through the social responsibility act.

I-CSR program is driven by voluntary awareness and is free of coercion. This awareness is based on the belief that the meaning of business can be seen from how much it gives benefit to the surrounding life. This belief is the essence of the meaning of *barokah*, which refers to the increasing goodness to improve the welfare and socio-economic community and environment. Voluntary awareness in the distribution of social benefits by the management is a form of implementation of voluntary-driven theory (Kotler & Lee, 2011), which states that companies carry out their social responsibilities, not because of the mandate of the law, but rather because of the voluntary commitments. The deep awareness of management about the importance of the i-CSR program, which is designed as a corporate social program, is manifested by the allocation of corporate social funds distributed to four institutions, namely, *Pesantren Sidogiri*, an alumni and students association (IASS), Division of Teaching and Learning & Preaching (TMTB & D), and Yasudu Foundation. Each institution uses these funds for activities related to the social, religious, economic, educational and health fields as well as other activities as shown in Table 1.

3.3. Components of i-CSR

Furthermore, the implementation of Islamic values in i-CSR perspective in managing the business in BMT UGT Sidogiri is as follows:

3.3.1. Islamic Economy Responsibility

BMT UGT Sidogiri has social awareness and responsibilities, which are realized by distributing the i-CSR funds. This responsibility, not only fulfills material needs, but also fulfills religious responsibilities, so that the world equilibrium and the hereafter can be realized. This principle of balance is aligned with the perspective that business in Islam is not only prioritizing the material aspect, but also wealth and a good life creation (Chapra, 1992). The responsibility in the economic field as the implementation of i-CSR program is realized in the form of entrepreneurship workshop sponsor and investment in the community to grow its economy. The program is run by the students and alumni association, which is concerned with realizing the ideals of the struggle of Sidogiri's founding fathers. The output of this program is the availability of entrepreneurial-minded human resources so that they can collaborate with Islamic boarding school cooperatives in strengthening the community's economy. Furthermore, in terms of the job opportunity, the recruitment of human resources for more than 90% were taken from the alumni and the rest are from other *pesantren* alumni and graduates.

Table 1: Distribution of Social Finding in i-CSR Program

No	Recipient	Usage Orientation	Target
1	<i>Pesantren Sidogiri</i>	<ul style="list-style-type: none"> • Public interest • Incentives for teachers • Students (<i>Santri</i>) health care • Teaching and learning activities • <i>Santri</i> facilities • Other activities 	<ul style="list-style-type: none"> • Students (<i>Santri</i>) • Management • Teachers
2	The Alumni and Students Association (IASS)	<ul style="list-style-type: none"> • Preaching (<i>Da'wah</i>) • Social community • Education and training • Economy and business 	<ul style="list-style-type: none"> • Alumni of <i>Pesantren Sidogiri</i> • Public • Community
3	Division of Teaching and Learning & Preaching (TMTB & D) of <i>Pesantren Sidogiri</i>	<ul style="list-style-type: none"> • Sending teacher for teaching and learning tasks to various regions • Sending preacher to various regions 	<ul style="list-style-type: none"> • Students of <i>Pesantren Sidogiri</i> • Public • Community
4	Yasudu Fondation	<ul style="list-style-type: none"> • Internal needs • Philanthropic activities such as home makeover and environment • Civil learning and social altruism 	<ul style="list-style-type: none"> • Employee • Public • Community

The principles of economic independence reinforce the view of previous scholars who stated that independence for a Muslim is a symbol of a jihad struggle that is very prestigious (Tasmara, 2002). Also, success for a Muslim businessman is not only seen from the success of the material economy, but also its social roles such as the distribution of job opportunities and the creation of business chances (Sumiati, 2020; Yaacob & Azmi, 2012).

The Islamic economy responsibility in the implementation of i-CSR also gives inspiration in the form of the creativity of the managers as the Muslim leaders who educate and encourage the students and alumni to commit to the realm of strengthening the Islamic economy by doing by action. The inspiration and motivation of the management also show a transformational leadership style rather than accentuating the charismatic style. Patron relationship between *kyai* (a Javanese Islamic cleric) and *santri* (Islamic student) also becomes the base for its implementation. This principle gives the meaning that students is an asset and not an object of transactional inquiry. The phenomenon of inspiration management and motivation for economic empowerment in Islamic boarding school-based business institutions supports previous research which concludes that Muslim leaders is the transformational leadership model which inspire and motivate in the economy and business empowerment (Gemeda & Lee, 2020; Indrawati, 2014; Nguyen et al., 2019).

3.3.2. Islamic Law Responsibility

I-CSR in the Islamic law emphasized that the business transaction needs to be generated from the religious regulations, so that it can avoid *haram* (forbidden practices). I-CSR practices related to Islamic law are also the same. Business managers make transaction standards on each product through a study from the side of the four schools according to the needs of the community. Through the Sharia contract team, each product is assessed for its *halal* character in terms of Islamic law before the product is marketed. The contract team then recorded the legal study and provided training to employees starting from the center to branch assistants. Therefore, all managers understand the product law generated and implemented it in the operational system. The formed sharia contract team to study the law and halalness of the product through the study of *fiqh* knowledge with four *mazhab* also is based on the decree of National Sharia Council-Indonesian Ulema Council (DSN-MUI). DSN-MUI as an institution consisting of experts with the background of Islamic economic science and *fiqh* disciplines, as well as Islamic financial institutions practitioners and regulatory representatives in charge of issuing fatwas on the implementation and product laws of Islamic financial institutions. Thus, the study of the sharia contract team BMT UGT Sidogiri, which also adheres

to the DSN-MUI fatwa further strengthens product halalness in terms of Islamic law aspect.

The implementation of products in Islamic law relates to *halal* impacts on the society's trust. The implemented religious and ethical norms ensure the relationship of the transactions between the seller and the buyer which is the feature of social responsibility in each aspect of the transaction. The practice of implementing Islamic values in the responsibility of Islamic law strengthens the study conducted by previous researchers that the relationship between humans in transactions must be far from detrimental, hurtful, and even cooperate with each other on the basis of trust (Omar, 2016). As Islamic microfinance, guarantees that the products are *halal* and free of illegal usury. The orientation of these products is based on business partnership (*syirkah*) and profit sharing (*mudhorobah*), which have an essential role in the realization of sharia-compliant financial institutions. These two usury-free product systems reinforce previous research opinions about business partnerships and profit sharing, as the efforts of modern economists about efforts at reorganization in financial institutions far from usury deeds (Siddiqi, 1985). The application of business partnership and profit sharing through the produced products model is for the society's welfare so that the partnership of a person with wealth and who owns a business can run well.

3.3.3. Islamic Ethics Responsibility

The practice of Islamic ethics responsibility has a noble purpose in business. Therefore, the managers always emphasize the importance of Islamic values or Islamic business ethics in the empowerment of the people's economy. The aim is to raise awareness of the ethical dimensions of the economy and business so that the wealth obtained is *halal* and blessed through an ethical transaction. What has been stated by the management has strengthened the results of the previous research and showed that Islam does not just let an employee work as he/she wishes to achieve the objectives and wishes and justifies any means such as gambling, cheating, usury, and other vanities and must pay attention to moral and *halal* responsibilities (Muhammad, 2020; Sachedina, 2001). However, in Islam, there is a separation between what is permissible and what is not, the right and wrong and the lawful and the unlawful, and this is the ethics of Islam. *Maysir* or gambling is everything that is in it at stake (El-Gamal, 2006). *Gharar* reflects the uncertainty (Haqqi, 2009). *Riba* or usury is the additions required by a person who has assets to a person who borrows his property (his money), due to the resignation of a payment by the borrower from a specified time (El-Gamal, 2006; Sachedina, 2001). The usury has been agreed on its *haram* by not only Islam but

also other divine religions. The practice of Islamic ethics in implementing CSR strengthens the research results on the importance of ethics in Islamic business (Beekun, 2012; Faizal et al., 2013; Siddiqui, 1997).

3.3.4. Islamic Philanthropic Responsibility

The Islamic philanthropy responsibilities are the practices of giving, servicing, and volunteering to help other parties and the public interest. This responsibility is carried out with a passion to utilize and foster civil society, linking with social and religious issues, people's welfare, public policy, good governance, and professional management based on ethics and Islamic law. The recitation of religious books in the field of Islamic law and mysticism giving lessons for business activities, human relations with other human beings both socially and economically. Both of these studies identify in Islamic perspective the objective of business that is not only to chase after material interest, but also oriented on the hereafter life. The practice of i-CSR perspective BMT UGT Sidogiri strengthens the results of previous research which concludes the Islamic teachings is closely related to attitude and behavior in all aspect of life including business by combining a material profit and achieving the *ridha*/blessings of Allah (Rafiki & Wahab, 2014).

Other social roles in the field of Islamic *fiqh* studies that often overlap with the community are also carried out. How to take care of the corpse properly, the problems surrounding women's menstruation and its problems, the study of fasting, *zakat* are the basic problems that exist in society. In addition to educating the public about the legal issues of Islamic *fiqh* so that they can understand and practice well, these activities have a meaning of friendship, building networking, and good relations of *kyai*, students, alumni and the community. Social care in helping the world Muslim community such as the Palestinian tragedy was also carried out by mobilizing the role of Sidogiri alumni and students through economic, social, and fundraising movements. These social roles also show that successful business institutions are not only seen from success and achieving material benefits, but also from social concerns so that there is a significant relationship created. The practices of social roles as the form of i-CSR implementation strengthened previous research, which concludes that there is a positive correlation between the achievement of Muslim businessman and the social responsibility (Yaacob & Azmi, 2012).

Another interesting social activity to be explored from i-CSR practice through the alumni network is employee volunteering activity (EV). Periodically, IASS in collaboration with the field of Division of Teaching and

Learning & Preaching (TMTB&D) of *Pesantren* Sidogiri, sends preachers (*da'i*) to deliver religious sciences and preach in areas of need. This EV activity, from a corporate perspective, is considered important as a means of improving community relations and company employees as a form of corporate social responsibility. EV activities are also very useful in creating corporate social capital so that their roles and functions in the midst of society can be felt well (Akintimehin et al., 2019). The role of EV reinforces the results of a study which states that employee volunteering has an overall contribution to corporate social responsibility activities (Muthuri et al., 2009).

As a form of i-CSR philanthropy, BMT UGT Sidogiri distributes CSR funds to the *Pesantren* Sidogiri for general benefits, such as public interest, incentives for teacher, land acquisition, and other activities. Also, in collaboration with IASS, the Amil Zakat Institute (LAZ) and *Waqf* Institutions (L-Kaf) and Yasudu Foundation in collaboration with the government, to carry out activities such as house renovation for the underprivileged, giving scholarships to the community and other social activities in the Sidogiri Community Development (SDC) forum. Community development in the perspective of Islamic financial institutions is in line with previous studies (Nor, 2011). The targets are a reduction in poverty, unemployment, crime, dropout, and an increase in a healthy and prosperous society. There are also activities such as orphanages, mosque, and other social development. All social activities are defined as a form of social responsibility to win the blessings and blessings of Allah on the mandate of material gain, so that all good deeds that have been done lead to the achievement of fortune (*falah*) before Allah (Beekun & Badawi, 2005). Overall, the implementation of i-CSR values and components performed by BMT UGT Sidogiri is as presented in Table 2.

Theoretically, the Islamic principles, which underlie the concept of i-CSR, generally show a convergence with the typology of CSR of Carroll (1979) in conventional economic systems. This convergence includes two things; first is managerial behavior, which pays attention to the protection of stakeholders, and second is the creation of sustainable value through effective and efficient economic activities. All have social role that are oriented towards justice and sustainable development in the environment in which the business operates. The meeting points are mainly in economic, legal, ethical and philanthropic responsibilities. However, as an Islamic microfinance institution, i-CSR in BMT UGT Sidogiri still has differences (divergence) with the typology of CSR by Carroll (1979), which are the obligation to bear religious responsibilities, subject to the principles of Islamic jurisprudence and apply them in business activities.

Table 2: The Implementation of i-CSR Values in BMT UGT Sidogiri

Foundations	i-CSR Components	The implementation of i-CSR values	Objectives
Iman, Islam, and Ihsan	Islamic economy responsibilities	<ul style="list-style-type: none"> • Soft skill of Islamic entrepreneurship • Sponsorship of business capital • Job vacancy and opportunities • Improvement of living standard • Independence of sharia law 	Benefits and <i>Falah</i> (fortune)
	Islamic legal responsibilities	<ul style="list-style-type: none"> • Study of four <i>mazhab</i> Islamic <i>fiqh</i> • Standardization of contract based on Islamic <i>fiqh</i> • Guarantee of halal product • Compliance with DSN-MUI Fatwa • Technical guidance on contract Law 	
	Islamic ethics responsibilities	<ul style="list-style-type: none"> • Transaction based on Islamic ethics • Liberated from the four characteristics forbidden in Islam namely <i>maysir</i> (gambling), <i>ghoror</i> (cheating), <i>riba</i> (usury), <i>bathil</i> (forbidden ways) • Ethical behaviors by imitating the characteristics of the Prophet as an ideal leader namely <i>shidiq</i> (honest), <i>amanah</i> (trustworthy), <i>tabligh</i> (able to convey well), and <i>fathonah</i> (intelligent) 	
	Islamic philanthropy responsibilities	<ul style="list-style-type: none"> • Raising the civil society through the study of religion in the fields of <i>fiqh</i> and <i>tasawwuf Islam</i> (Islamic mysticism) • Sensitivity to the social issues in the world Islamic society. • Employee volunteering program by sending the da'i or missionaries to the needy regions. • Assistance for Sidogiri Islamic boarding school (<i>i'arah masalahah</i>) • <i>Qoryah thoyibah</i> and other social activities through Sidogiri Community Development (SCD) 	

4. Conclusions

The research results showed that the typology of the Carroll model CSR, which is developed into i-CSR, is applicable in Islamic microfinance based on Islamic Boarding School. Only the implementation forms of the values from each i-CSR component can be different according to its condition. The implementation of i-CSR focused on the teachings of Islam, which are the foundations of *Iman*, *Islam*, and *Ihsan* that direct people to every effort made that is worth worship in the sight of Allah. Economic responsibility is realized in the form of entrepreneurship and capital training assistance to the community, human resources recruitment and improvement of decent living standards and Islamic economic independence. The implementation of Islamic legal responsibility is the study of four schools of Islamic jurisprudence, standardization of contracts based on Islamic law, the guarantee a product is *halal*, compliance with DSN-MUI fatwa, and legal contract technical guidance. Furthermore, the implementation of Islamic ethics responsibility includes the transaction

according to the Islamic ethics, to act ethically imitating the characteristics of the Prophet as an ideal leader. And the Islamic philanthropy responsibility is implemented in the form of raising the civil society through the religious study in the fields of Islamic law and mysticism, the sensitivity on the issues of world Muslim society, employee volunteering program, assistance for Sidogiri Islamic boarding school and other social activities through Sidogiri Community Development (SCD).

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