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CSR's Measuring Corporate Social Responsibility Practice in Islamic Banking: A Review

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ABSTRACT

Academic efforts have started for around one decade to measure corporate social responsibility (CSR) in Islamic Banks (IBs) practices. The authors, in this field, have written based on two thoughts wide and narrow of the CSR in Islamic banking but there still are important gaps that need to fill. The first authors were dependent who established variety indexes and the second group was independent writers who followed benchmark index to measure of CSR in Islamic banking. This work tried to compare between the current literatures reviews of CSR in IBs and the current criticisms of social impacts on the society from Islamic banking operations. In Islam, business processes of IBs can never be separated from the ethical considerations of society. These considerations of the IBs for the society can be as new dimensions of CSR to measure the real impacts. This article shaped new contribution in the CSR in IBs' operations to open the door to more researches to arrive the deeper understanding and clarification.

Keywords: Corporate Social Responsibility, Islamic Banks, Business Processes

JEL Classifications: G30

1. INTRODUCTION

On the West side, Lewis (2010) wrote that the current direction of Islamic funds (including Islamic Banks [IBs]) have become the global way. They are a default to complete their practices with Islamic principles. However, the real challenge will face those IBs that embrace other "positives" in the goals of Islam, such as the promotion of justice, positive supervision and monitoring, inclusion in decision-making, the brotherhood concept, the advancement of Muslim societies, and any area unexplored. While on the Islamic side, according to Asutay (2010), that since the 1990s, Islamic banking and finance has an important role in the global financial system, and currently, it has proved that it is a sustainable reality by its resilience and growth even during the financial crisis period. Thus, it provides alternative opportunities for any country regardless of its religious nature, as in its new version it embodies "commercial banking" with a specific legal

technique, namely Shari'ah compliance. And Farook et al. (2011) confirmed that little research has tried to define CSR in the field of IBs despite the speed of the growth of Islamic institutions in size and complexity. Measuring of CSR in Islamic banking and finance has started since 2005 until now there are several studies that tried to measure CSR in IBs as way to improve social performance of IBs. This study tried to review academic efforts in this area to explore any gap or/and incomplete at there.

2. GENERAL CONCEPT OF CSR

There is no consensus among Researchers on the definition of CSR in Literature. CSR could be categorised into two general schools of thought (Table 1), First approach argue business is only obligated to maximize profits within the boundaries of the law and with minimal ethical constraints (Friedman 1970; Levitt 1958), and second approach suggest a broader range of obligations toward

Table 1: Historical stages of CSR in the West

Stage	Years	Characteristics	Examples of authors
1	1776-1926	Self-interest is a reliable path to social welfare	Smith (1776)
2	1927-1947	A view of business as an economic institution with both a social service and profit-making function	Donham (1927, 1929), Dodd (1932) and Okoye, (2009)
3	1948-1970	First attempt to theorize CSR. Bowen (1953, 1948) is the modern "Father of CSR." He took a broad-gauged approach to business responsibilities (Windsor 2001) and viewed complex organisations as open systems, intricately connected to their larger environments	Bowen (1948, 1953), Boulding (1956), Friedman (1962, 1970)
4	1971-1990	In the 1960s, CSR had expansion in literature, but in 1962, Friedman viewed that the sole (or primary) responsibility of business is profitability seeking In the 1970s, the idea of corporate social responsiveness emerged as a candidate for replacing the muddled and ambiguous CSR (Wood, 2010). The suggestion of going beyond economic and legal requirements (McGuire). Carroll, in 1979, created "the first conceptual model of CSP" In the 1980s, CSR shifted to a more empirical research, applying Carroll's proposed four-dimensional pyramid model of responsibility	McGuire (1961, 1963, 1969); Davis (1973); Carroll (1979), Wartick and Cochran (1985)
5	1991- Now	Scholars often did not distinguish between the nature and source of corporate responsibilities, the methods used to try to meet them, and the results of those efforts In this stage, there are many authors like Wood who built on Carroll's model and organised the literature into structural (not philosophical) principles of responsibility as inputs, processes of social responsiveness as throughputs, and finally, outputs and outcomes Two of their major contributions were linking the new 'Carroll upside-down' hierarchy of business responsibilities to Wood's three principles of CSR and to make explicit the relationship of CSR domains to levels of analysis	Wood (1991, 1994), Carroll (1991, 1995, 1999), Windsor (2001), Schwartz and Carroll (2003) There are many authors who followed up Carroll's model on the concept of CSR

Sources: (Wood, 1991, 2010; Carroll, 1979, 1991, 1999; Windsor, 2001; Epstein, 2004; Okoye, 2009; Garriga and Mele', 2004)

society (Andrews 1973; Carroll 1979; Davis and Blomstrom 1975; Epstein 1987; McGuire 1963). Fieseler (2011) saw the variety of definitions of CSR as indicative of the rich body of research on CSR, varying from conceptions that focus on minimal legal and economic obligations and exclusive accountability to shareholders, to broader responsibilities towards the wider social system in which the corporation is embedded. In a review of academic efforts, Wood (2010) recommended a careful integration of research and thinking in other domains into the body of CSR literature.

3. CONCEPT ISLAMIC BANKING

Islamic financial laws and values could be experienced through the mirror of Islamic Banking practices system. According to, Islamic financial principles proscribe Riba (interest rates), Garar (ambiguity), Maisir (gambling) and some other financial products like intoxicants and pork (Rosly, 2010). These rules differentiates Islamic banking practices from conventional banking practices. Jaufeerally (2011) added two more obligations to IBs. First, rule of profit and loss sharing, second is real asset-backed financing. In addition, Khan and Bhatti (2008) stated that the principles of Islamic financing are based participation in an actual economy and social justice. Finally, Nathan and Ribière (2007) ensured that the banking processes of IBs are based on Islamic principles. Thus, IBs can be differentiated from conventional banks in three major subjects: Organization, management and products.

CSR in Islamic banking: Like general schools of CSR in conventional thought, in the IBs industry, the CSR is divided

by into major schools of thought. First view argues that Islamic banking is only obligated to maximise profits for internal stakeholders within the boundaries of the Islamic law "Islamic Fiqh" or "Fiqh Muamlate," (e.g., Asutay, 2010) as to obey the Shari'ah supervision board's (SSB) opinions or the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) standards. Like Dusuki (2008b) concluded that any business that claims to base its transactions on Shariah principles should already practice of good CSR as it mirrors the true spirit of Islam. Second school of thought recommended obligations under the principles of Maqasid Al-Shariah towards social and economic progress of a broader range (Hassan and Harahap, 2010; Bhatti and Bhatti, 2010; Usmani, 1999; Mohammed et al. 2008; Siddiqi, 2008; and Iqbal, 2006). Because, according to Dusuki and Abozaid (2007), that Fiqh al-Muamalat (FM) is not alone enough to cover goals of society and economy welfare. Finally, as Musa (2011) pointed that there are probabilities of failure in social impacts of IBs' practices due to inconsistencies between theory and practice of CSR.

4. CURRENT LITERATURE REVIEW OF CSR MEASURING IN IBs

Measuring efforts of CSR in Islamic banking and finance have started after Hasan (2003) and Tag el-Din (2005) called to the need to measure the performance of IBs with allusion to their contribution in meeting their CSR. After that calling, some researchers have built their questionnaires on learning from conventional models (e.g., Wood 1991) and/or FM. While other researchers constructed their indexes based on wide perspectives of Islamic views (Maqasid Shari'ah). Shows last two kinds of

researchers but both collected primary data for their studies. While other researchers have built their indexes and checklists based on Islamic principles and/or conventional theories (e.g., accountability and social justice) Table 2. All of them in this list collected their data from secondary sources.

4.1. Independent Researchers Measured CSR in IBs

The existing published literature () suggests that prior to the research by Dusuki and Dar (2005) and Sairally (2005), researches on CSR from the perspective of IBs are almost non-existent. Dusuki and Dar (2005) examined the views of IBs' stakeholders in Malaysia about CSR, while Sairally, (2005) presented theoretical concepts for measuring the CSR of the discussed institutes. Using a sample of over 1500 respondents from several stakeholder groups of two full-fledged IBs, Dusuki and Dar (2005) discovered that stakeholders of IBs in Malaysia are concerned with socially responsible and ethical banking. Sairally, (2005) however, discovered that 41.7% of her total 250 respondents adopted a "defensive" method to CSR, as they only looked to be meeting their economic and legal responsibilities. These inconsistent findings on IBs' CSR have triggered other researchers to look

further into this issue.

Whilst several writers have built their effort on Fiqh literature and comparing or learning with conventional views or practices (e.g., Dusuki and Dar, 2005; Sairally, 2005) Mohammed et al. (2008) constructed their view of CSR in IBs on Maqasid Shariah. Only Mohammed et al. (2008) who used both primary and secondary data to measure CSR's practices in IBs. They employed the present conventional performance measures by focusing on financial measures. Then they developed other measures that come from the financial objectives of IBs (theory Maqasid Shariah). They had interviews with 12 experts to develop the measures and to determine the weights of the measurements. In more details a behavioural method rationalisation method (Sekaran, 2000) was used in Mohammed et al (2008)'s study to conversation the Maqasid into measurable IB performance items. Their finding is no any bank was able to appreciate in all performance ratios. But the three performance ratios associated to the second Shari'ah objectives (Justice) have been absent from their analysis due to the unavailability of adequate data for their entire sample banks (6 IBs). Similarity, Yusuf and Bahari (2011)

Table 2: Authors used primary data to build their indexes of measuring CSR in IBs

No	Year	Author	Characteristics
1	2005	Dusuki and Dar	To elect dimensions of CSR practice (4 dimensions) from conventional thought To make Islamic perspectives on CSR practises against every conventional dimension Use questionnaire method; a survey was conducted to elicit the opinion of seven stakeholder groups of two Islamic banks in Malaysia
2	2005	Sairally	Learn from the experiences of secular 'socially responsible' investment (SRI) funds Adopting Wood's (1991) model of CSR measurement as a basis of assessing the social responsibility of IFIs To use the qualitative method involving the statistical analysis through discourse analysis of mission statements, annual reports, and data posted on websites To use questionnaire-based surveys
3	2008	Mohammed et al.	Used the present conventional performance measures by focusing on financial measures Developed other measures that complement the financial objectives of IBs from the theory Maqasid Al-Shariah. Interviews with 12 experts to develop measures of IBs whilst a questionnaire was given to 16 experts to determine the weights of the components A behavioral approach rationalisation method (Sekaran, 2000) was used to quantify the Maqasid into measurable IB performance indicators
4	2011	Yusuf and Bahari	Interviews with the four experts of Islamic banking (Director of IB, academic, SSB, and a central bank employee) in Indonesia by using a semi-structured questionnaire The result was six fundamental criteria and 34 items considered as critical for CSR Made an application of CSR in IBs based on two Islamic principles: Maslahah and Khalifah; should not only be based on Khalifah responsibility
5	2011	Nor and Asutay	To evaluate the perception of Malaysian IBF customers in relation to CSR and sustainability To link the idea of CSR with sustainable development of Islamic banks in the competitive market This study is an exploratory in nature that employs quantitative methods (SSPS) A survey questionnaire is conducted to customers of IBs in Malaysia To use questionnaire-based surveys
6	2011	Musa	His survey was questionnaire based on Bourne and Snead (1999) as conventional study in the west and Miller (2008) as Islamic study in Malaysia. (Principles and determinants of ethics) His analysis tool was SSPS, his survey has 45 items and his sample was 17 IBs in Malaysia. (105 respondents) Recommended that Shari'ah compliancy is indeed the heart of Islamic banking but deeper than that, IBs should take into their consideration the impact of their processes on the society at large
7	2012	Abbasi et al.	Contributed to the literature that shows the actual difference of CSRD between Islamic and conventional banking, CSR practices were mostly related with the Islamic terms like social justice and accountability, deduction of zakat, microfinance schemes, and adopting ethical values of Islam Content analysis for questionnaires that were filled by employees of Islamic and conventional banking of 10 IBs and 10 conventional banks

made an application of CSR in IBs based on two Islamic principles: Maslahah and Khalifah and they used interviews with the four experts of IBs (Director of IB, academic, SSB, and a central bank employee) by using a semi-structured questionnaire. Their result was six fundamental criteria and 34 items considered as critical for CSR. But they are alone, and I have not seen any study based on their results.

Under compression CSR with sustainability development, Nor and Asutay (2011) evaluated the awareness of IBs customers in relation to CSR and sustainability to link the concept of CSR with sustainable development of IBs in the competitive market. They employed questionnaires methods (SSPS). Their survey questionnaire is conducted to customers of IBs in Malaysia. Nor and Asutay (2011) concluded that among the factors that may suggest IBs from social performing were lack of commitment for CSR and Islamic ethics as important. Their findings indicate that achieving Taqwa-level is still utopian since there is no inner power. They consider that these main challenges may contribute to the behaviour as to why IBs could not ensure a better wellbeing for society and poverty alleviation. In fact, IBs also are still more driven to commercial orientation constructing it less possible to being socially performance for the cause of looking for Gods pleasure. Their connection between Taqwa (internal believe) and behaviour is non-logic in business world in which we cannot explore intents of businessmen but we can see their impacts and activities.

Musa (2011) built his survey questionnaire based on Bourne and Snead (1999) as conventional study in the west ethics and Miller (2008) as Islamic study in Islamic business ethics. His sample was 17 IBs in Malaysia and his study tried to answer on specific question; how do the current practices in Malaysian IFIs mirror the Islamic ethical norms in business? He saw that a combination of both the qualitative and quantitative data would better answer the research question at hand. Finally, Musa (2011) recommended that Shari'ah compliancy is indeed the heart of Islamic banking but deeper than that, IBs should take into their consideration the impact of their processes on the society at large.

Around this issue, by analysing of 100 respondents, Abbasi et al., (2012) found that there were little differences between IBs and CBs. And Islamic banking industry works under this point of view that they are accountable before Allah. Abbasi et al. (2012) contributed into the literature of CSR that their study shows the actual difference of CSR disclosure between Islamic and conventional banking. CSR practices were mostly associated with the Islamic themes like social justice and accountability, zakat deduction, microfinance arrangements, and adopting ethical values of Islam. The accountability and social justice theories will be included in several studies as below paragraphs. Here the comparison between level of disclosures of CSR's practices in IBs and in CBs is available but the comparison between their intents is not available.

4.2. Dependent Researchers Measured CSR in IBs

The second group of authors are founders and imitators in which some authors have established items and dimensions of CSR measuring in IBs while others have adopted these items and

dimensions. As well as there are common features between of authors in are secondary data was collected and content analysis to analysis the data.

Firstly, Maali et al. (2006) who is among the first to present a benchmark for CSR' reporting by IBs as their understanding of the concepts of accountability, social justice, and ownership (some researchers mention that the article of Maali et al. in 2003. Maali et al. (2006) employed their benchmark set of social disclosures to IBs with the real social disclosures contained in the annual reports of 29 IBs from 16 countries for 1 year (2000). They explored that social issues were not of major concern for most IBs. The study offered that one possible explanation for this finding is the fact that most IBs operate in less developed economies where social concerns. Secondly, Haniffa and Hudaib (2007) extended the conventional effort by trying to measure the ethical identity of corporations that succeeded to form a niche marketplace for themselves based on their ethical commercial philosophy. They developed a research instrument based on their views of the Shari'ah as well as the extant Islamic and CSR literatures to reflect the ideal ethical. Then the foundation of the IBs' business philosophy is the Islam, they made their Ethical Identity Index (EII) as opposed to ideal Ethical identity to assess the power or degree of ethical identity based on the variation between the disclosed and ideal Ethical identities of such corporations. Their finding is many IBs place little effort into communicating their values in a stable manner.

Many authors have followed items of Maali et al., (2006) work or/and EII of Haniffa and Hudaib (2007). As regards Hassan and Harahap (2010) who contributed to the mounting debate on CSR in ethical perspective (Islamic perspective) and key underlying issues associated with the emergence of new disclosure practices for IBs (Table 3). Analysis of the CSR standards into eight different dimensions as followed by (EII) and they saw that the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) should develop a new standard on CSR reporting. Aribi and Gao (2010) added a contribution to the literature by comparing discloser of CSR between Islamic Financial Institutions (IFIs) and non-IFIs. They measured and compared the quantity and quality discloser of CSR by using EII and Maali et al. (2006)'s items. Zubairu et al., (2012) and Aribi and Gao (2010) saw that the disclosure of IBs should reflect their accountability and justice not only to society, but also to God. Their finding is significant differences in the level and the degree of the disclosure between them.

On another side, Farook et al., (2011) were applying the theories principles of system-oriented: political, economy, legitimacy, stakeholder and agency theories as conventional theories. As well as they developed their hypotheses that linking Islamic social disclosure and its determinants by using 34 items (Maali et al., 2006)'s 32 items with added new two items. Farook et al. (2011) assumed that there is a negative association between the level of political and civil repression and the level of CSR disclosure; he tested this hypothesis by regression analysis for annual reports and websites of IBs. Their finding indicates that levels of social and political freedom and the amount of investment

Table 3: Authors used secondary data to build indices of CSR's measuring in Islamic banking

No	Year	Author	Characteristics
1	2006	Maali et al.	<p>His Islamic perspective on social reporting was an understanding of the concepts of accountability, social justice, and ownership</p> <p>Made a benchmark set of social disclosures appropriate to Islamic banks. There is an overlap between their disclosure benchmark and the AAOIFI disclosure requirements</p>
2	2007	Haniffa and Hudaib	<p>Content analysis was undertaken to measure the volume of social disclosures in 29 IBs</p> <p>Made the ideal ethical identity benchmark based on their understanding of the Shariah as well as the extant Islamic and conventional literature of CSR (8 dimensions)</p> <p>Measured the discrepancy existing between the communicated and the ideal ethical identity; they termed that the Ethical Identity Index (EII)</p>
3	2010	Hassan and Harahap	<p>Used the content analysis of annual reports for the years 2002-2004 (7 Islamic banks)</p> <p>Contributed to the growing debate on CSR in ethical perspective and key underlying issues associated with the emergence of new disclosure practices for IBs. (Islamic perspectives)</p> <p>Their development of social benchmark based on the concepts of accountability, social justice, and ownership like Maali et al. (2006)</p> <p>Analysis of the CSR standards into eight different dimensions as followed by Haniffa and Hudaib (2007); they saw that the AAOIFI should develop a new standard on CSR reporting</p>
4	2010	Aribi and Gao	<p>Content analysis to measure the volume of CSR disclosure for the year 2006 (7 banks)</p> <p>To make a contribution to the literature by comparing discloser of CSR between IFIs and non-IFIs</p> <p>Measure and compare the quantity and quality discloser of CSR among financial institutions by using EII and Maali et al. (2006)'s items</p>
5	2011	Farook et al.	<p>Content analysis is undertaken to measure the volume of social disclosures</p> <p>Applying the principles of system-oriented theories, such as political economy, legitimacy, stakeholder theories, and agency theory. (conventional view)</p> <p>To develop hypotheses linking Islamic social disclosure by using 34 items (Maali et al (2006)'s 32 items with added two items) and its determinants</p>
6	2012	Samina	<p>To test the hypothesis by regression analysis for annual reports and websites. (number of words)</p> <p>Designed based on the CSR forms to be followed by IBs as has been prescribed by Farook (2007) who has shown two categories of CSR for Islamic financial institutions- mandatory and recommended</p> <p>The research found compliance to the mandatory forms by the 6 full-fledged sample Islamic banks in Bangladesh whereas variety in involvement in recommended forms of CSR activities by considering the scenario of banks from 2007 to 2011</p> <p>Statistical tool percentage, average has been used. Correlation analysis has been done to judge the correlation between CSR expenditure and IBs' deposit collection, investment made and profitability</p>
7	2012	Zubairu et al.	<p>Saw that the disclosure should reflect accountability and justice not only to society, but also ultimately to God</p> <p>Used the Ethical Identity Index (EII) developed by Haniffa and Hudaib (2007)</p> <p>Used the content analysis for the years 2008-2009 (4 Islamic banks in Saudi Arabia, but 3 banks were conventional banks that had Islamic windows)</p>
8	2013	Rashid et al.	<p>Used the Ethical Identity Index (EII) developed by Haniffa and Hudaib (2007)</p> <p>They divided the index into two layers; first, toward ALLAH and the second toward customers, employees, and society</p>
9	2013	Kamla and Rammal	<p>Used content analysis method for annual reports of 16 IBs from three regions</p> <p>Contributed to the very scarce literature linking religion (especially Islam), critical theory, social accounting, and Islamic accounting</p> <p>Used the critical theory and "immanent critique"</p> <p>Used the content analysis of annual reports and web sites of 19 Islamic of ten items under the five categories based on their understanding of the literature as presented by Maali et al. (2006), Haniffa and Hudaib (2007)</p>
10	2012	El Mosaid and Boutti	<p>This research has attempted to empirically assess the relationship between CSR and Islamic banks performance as measured by ROA and ROE</p> <p>They use content analysis to extract information from annual reports of eight Islamic banks for 2009 and 2010</p> <p>Their checklist is adopted from two studies, Haniffa and Hudaib (2007) and Zubairu et al. (2012)</p>
11	2010	Abdul Rahman et al.	<p>The bank has improved in terms of volume and the manner of presenting or disclosing CSR from year to year.</p> <p>This study is the first of its kind to be conducted on a Islamic bank in in Malaysia using a longitudinal approach, and its empirical findings complement the findings of past studies.</p> <p>Their checklist is based on the modification of instruments designed by Maali et al. (2006), required and recommended by AAOIFI and FRSi-1</p> <p>Content analysis was used of one Islamic bank's annual reports for 1992-2005. (Malaysia)</p>

account deposits to total assets are significant determinants of IBs' CSR disclosure. On another side, Abdul Rahman et al. (2010) are

the first authors who measure CSR's practices of specific Islamic bank in Malaysia using a longitudinal approach. The number of

sentences was chosen for their study to codify and measure the disclosures of CSR. Their checklist is based on the modification of instruments designed by Maali et al. (2006), required and recommended by AAOIFI and Financial Reporting Standard (FRSi-1). Their results showed that IBs prefer to disclose issues associated with employees, product, and service contributions and society involvement. In Abdul Raman et al (2010) used content analysis of one Malaysian Islamic bank's annual reports for 1992-2005.

From the second group of authors, Zubairu et al. 2012; Rashid et al., 2013 followed Haniffa and Hudaib (2007) to measure CSR in IBs. Also they only analysed IBs' disclosures and divided the index (EII) into two layers; first, toward Allah and the second toward others (include customers, employees, and society). Almost those three articles are similar in the used indexes, theories and concepts. From different view, El Mosaid and Boutti (2012) attempted to empirically measure the relationship between CSR's disclosure and IBs performance (by ROA and ROE). Their measurements are adopted from two researches, Haniffa and Hudaib (2007) and Zubairu et al. (2012). Those measures the disclosure level of CSR's disclosure based on numbers of words disclosed as words are the minimum unit of measurement for analysis and can be predictable to provide the maximum strength to a study in assessing the quantity of disclosure. The use of words tool will increase the reliability of content analysis. On the same hand, Rashid et al. (2013) considered that if any item is available "1" is given, indicating that the Islamic bank considers the dimension as important. Otherwise, the value is "0," representing the absence of that dimension for a specific bank in specific period.

Samina (2012) designed his framework of CSR's view based on Farook (2007)'s view in which two categories of CSR for IBs are mandatory and recommended. He used statistical tool percentage and average in which correlation analysis has been done to judge the correlation between CSR spending and IBs' deposit collection, investment made and profitability. He found that there is a strong positive correlation between CSR expenditure and sample banks' deposit, loan and profitability. Kamla and Rammal (2013) contributed to the very rare literature linking religion (especially Islam), critical theory, social accounting, and Islamic accounting. They used the critical theory and "immanent critique." Their checklist has ten items under the five categories based on their views of the literature as offered by Maali et al. (2006), Haniffa and Hudaib (2007). Kamla and Rammal (2013) found that reported disclosures are lack of obvious and detailed information regarding obligations on poverty eradication or enhancing social justice.

4.3. Conclusion of Both Groups

In conclusion, from the description above, Maali et al., (2006) and Haniffa and Hudaib (2007) are major studies in this field. Mean assumption, in prior studies, is that the volume of disclosures shows the importance of these issues to the business. So words and sentences numbers have used as measuring tools of CSR in IBs whilst many studies, in this area, have used content analysis of annual reports and other publications. Although the first group was based on different principles that come from Islam or/and conventional thought in which seven articles have distinctive

ideas and views and they used primary data but there is not any one adopt their models or indexes.

The important perspectives, through second group, of CSR's dimensions are two views; Rashid et al. (2013) divided their index into two layers; first, toward Allah (SW) and the second toward others. Another view, according to Samina (2010), has classified CSR's dimensions into two categories mandatory and recommended. Whilst the important perspectives, through first group, in which Yusuf and Bahari (2011) built their view based on Maslahah and Khalifah principles as two dimensions of CSR in IBs while Mohammed et al. (2008) used three dimensions of CSR in IBs are educating individual, establishing justice and public interest as domains of Maqasid Shari'ah. On theories hand, there are shared theories are used in both groups like; accountability and social justice as conventional theories.

5. CURRENT CRITICISMS OF IBS' SOCIAL PERFORMANCE

Until now, there are many reasons of IBs fail in their social performance this mean that real weak in IBs doing is not appear. Dusuki and Abozaid (2007) stated that failure of understand the wide aims of Shariah leads to abuse of Maqasid Shari'ah (objectives of Islamic Law) in Islamic banking. Unfortunately, Bhatti and Bhatti (2009) asserted that if processes of IBs are approval from their SSB based on Fiqh Muamalat (FM) that lead to the true spirit of Islam law. So Cebeci (2012) found that the fiqh principle (Islamic Jurisprudence) became the basis of IBs' processes. These processes are usually built upon agreement from researchers and technical efforts concerned only with legal dimensions. He argued that the directions of Islamic banking are usually aimed at achieving of the fiqh requirements and legal issues while they ignore social welfare issues. Overtime, some CSR researchers on IBs expressed their concern and dissatisfaction with the limitations of purely fiqh orientation of CSR research on Islamic banking. The need for filling the spirit and elements of Maqasid al-Shariah was recognized (e.g., Siddiqi, 2006). Some CSR researchers on Islamic banking have, in the past, expressed their concern and dissatisfaction with the limitations of purely *Fiqhi* or legal orientation of social responsibility-based research on Islamic banking. Mohammad (2007) has developed a conceptual framework of CSR in Islam based on Shariah derived from the holy Quran and *Hadith* and applied it to IBs to examine the consistency of it with current business practices. As a result of the present state of the Islamic banking industry with CSR practices, there are many criticisms toward IBs' social performance (Table 4).

6. MISSING VIEW OF CSR PRACTICES IN IBS

May missing perspective of CSR is positive added into CSR literature. CSR fields in the West need to incorporate new dimensions into their body. Wood (2010) concluded that a prominent and influential author on conventional CSR research recommended a deliberate incorporation of thinking and research in other domains into the current CSP literature. On another side, Rosly (2010) recommended that the effects of transactions made

Table 4: Some criticisms of social performance in IBs

No	Authors	Points of criticism
1	Usmani (2002)	When IBs get profits, they do not share with the depositors, except the amount of a small rate of interest. While in cases of losses which lead to a bankruptcy, IBs share with the depositor in the losses. This is how this system makes inequity and imbalance in wealth distribution IBs ignoring the financing of Musharakah (share profit and loss with customers). IBs use the financing of Murabahah and Ijarah (buy goods and sell to the costumers) by the system of the conventional index like LIBOR etc Many IBs commit a number of mistakes with respect to used financing. In some cases, no good is being owned by IBs It is also necessary that the viewpoint of the IBs and their employees reflect the Islamic identity, distinguished from the conventional management
2	Maali et al. (2006)	Their empirical results ensure that social concern is not of major concern for most IBs. IBs, in general, do not disclose information about actions that may attract criticism, such as illegal (haram) business processes and their policy for dealing with insolvent customers
3	Hassan and Harahap (2010)	As their finding, the disclosure of CSR in IBs was weak and these banks have not been on an acceptable level of care to their CSP
4	Febianto (2012)	The low sharing of IBs in equity contracts (Equity Investment) is a barrier to the development of the Islamic banking sector
5	Dusuki and Abozaid (2007)	Many IBs use short-term financing; Murabahah contracts, and other debt-based transections in their financing and investment. They do not use the equity-based investment and finance (share profit and less) that achieve more of the socio-economic goals including social justice, economic growth, and stability
6	Siddiqi (2006)	IBs build their strategies on the microeconomic visions of their financing and investments to determine present expenses and profits. They must think of their long-term profits and what the positive impacts are on society and economy

by IBs on the society should be known. It is appropriate that this research considers that MS is incorporated in the examination of the process applied in the business of IBs. Thus, Dusuki and Abozaid (2007) asserted that further concern is needed on the discussion of MS, especially with regard to promotion of public interest (public Maslahah). Maslahah is one of the juristic tools used in legal rule under Islamic view to protect public goals and prevent social evils or/and corruption. Dusuki (2008c) IBs' values are not only mirrored in their processes but it can be observed through their impacts on society and the macro economy. According to Usmani (2002) business processes of IBs can never be separated from the ethical considerations of society. This relates the IBs practices to the reach social performance. These considerations of the IBs for the society can be as new dimensions of CSR.

7. CONCLUSION AND RECOMMENDATION

Under view of the CSR as internal part in IBs' structure instead seeing it as external part, the missing view of the CSR in IBs practices will be met. This new perspective should be as new dimension and new contribution to measure CSR in Islamic banking. In Islam the business process can never be alone pace from the rest social responsibilities and rights of all stakeholders. In more specific, business process works on making profits by using the best way as possible to reflect on the whole economy and society. On the West view of CSR, the managers should make profit for shareholders firstly before any benefit for others while these shareholders are not responsible of any impact for their business on the society. Our recommendations for future researchers are that they should include new items or dimensions in comprehensive index like special kind of financing and investment. As well as there is need to rethink in weights issue of items and their dimensions. This perspective is considered as new view of the CSR from inside the Islamic banking in which it may be basic

of future academic and practical efforts to reliable measures in different regions around the world.

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