



## Adopting Corporate Social Responsibility in Maqasid Shari'ah: PETRONAS Initiatives

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### ABSTRACT

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This paper aims to evaluate the significant contributions PETRONAS has put towards improving the living of respective stakeholders through a series of Corporate Social Responsibilities (CSR) by adopting the approach of *Maqasid Shari'ah* – Islamic legal doctrine that promote the welfare of people by protecting the following categories: faith (*hifz ad-din*), property (*hifz al-mal*), soul and intellect (*hifz al-'aql*), life (*hifz an-nafs*), and offspring (*hifz an-nasb*). Corporate Social Responsibility (CSR) has been an uncompromised avenue among industry key players to provide necessities for the involved society members. This paper disclosed a continuous execution of CSR by PETRONAS based on the audited and reported information of the respective entity as well as other relevant references. In this context, PETRONAS has been working very closely towards achieving the four dimensions of corporate responsibilities, namely; Continued Value Creation, Safeguard the Environment, Positive Social Impact, and Responsible Governance. Hence, this paper attempts to comprehend the relationship among these four dimensions and its entrenchment with the approach of *Maqasid Shari'ah*. This paper concludes that PETRONAS is one of the organizational businesses which its practice is congruent to the concept of *Maqasid Shari'ah* and also satisfy the definition of CSR in communicating with respective stakeholders in the time of necessity.

### Keywords:

*Maqasid Shari'ah*, Islam, Public Relations, Corporate Social Responsibility

### 1.0 INTRODUCTION

As a progressive country, CSR was first captured in Malaysia as early as in the year of 2000, marked its very first undertaking by the Non-Governmental Organizations for instance the Federation of Malaysian Consumers Association and the World-Wide Fund for Nature (WWF) of Malaysia (Mohamed Zain, 2009). This social endeavour was continued by the Association of Chartered Certified Accountants (ACCA) who has initiated its first CSR reporting awards for Malaysian Companies called Malaysia Environmental and Reporting Awards (MESRA) which then changed to Malaysia Sustainability Reporting Awards (MaSRA) (Abdul Hamid, Fathilatul, Ruhaya, & Md Salleh, 2014). There is no a standard formula how a CSR must be executed - awards are given based on the different purpose as defined by the different entities, hence this allows the companies to

formulate their own strategies how they wish the activities might seem to be like. PETRONAS, being a leading company in an Oil and Gas industry stands out significantly and champion in doing this – their CSR activities have been effective with plentiful local and global awards recognizing their contribution and success are worth a study.

As far as the definition of CSR is concerned, Islam views this effort of charity particularly to the needy as greatly rewarding at attaining certain objectives (*maqasid*) intended by Allah as the law giver (Dusuki, 2008). There are a number of *Qur'anic* verses contain certain provisions which explain that any deeds safeguard any of these five objectives of *Sha'riah* serve public interest and therefore, is considered desirable. One of the *Qur'anic* verses highlights that “And fear Allah (SWT) as much as you can, listen and obey; and spend in charity for the benefit of your own souls. And those saved from the covetousness of their own souls; they are the ones who achieve prosperity.” (Qur'an, 64:16). Muslims are also encouraged to contribute some substantial number of materials (money or other in-kind) in charity (*sadaqah*). The Prophet Muhammad (Peace be Upon Him) quotes Allah as

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mentioned, “O son of Adam, spend in charity and I shall spend on you”. The Prophet further explained that charity does not limit only to one’s family members, but to anyone who is needy. The Prophet suggested “Donate in charity to people of all faiths”. In fact, the Prophet himself has supported a Jewish domestic, and this then has become the continuous practices among the Prophet’s companions (*sahabah*).

Generally, the focus of *Maqasid Shari’ah* is to protect the benefit of individual and community as well as to facilitate the improvement and perfection of human lives in this world and hereafter. In order to develop an Islamic CSR (i-CSR), it is a duty for every Muslim, particularly those who are involved with the company operation to adhere to the Islamic CSR.

This paper outlines three research objectives:

- i. To define the concept of CSR by PETRONAS
- ii. To recognize the category of *Maqasid Shari’ah* PETRONAS focuses the most in CSR initiatives
- iii. To understand the CSR benefits both to PETRONAS and stakeholders

### 2.0 PROBLEM STATEMENT

Some Malaysian companies deem CSR as an extra burden to be compromised as it is unprofitable in return and would affect the stakeholders’ perception on the companies’ financial performance, the investors in particular. Islam guides its practitioners to comprehend the concept of wealth; a trust from Allah to its bearers to manage and distribute the wealth with just and honesty. PETRONAS, through its series of CSR activities has demonstrated its equity and social accountability to Allah which is aligned with the concept of *Maqasid Shari’ah* in resolving societal issues, providing donations, and communal programs, involving public affairs, engaging with a role in a community, and goes beyond profit motivated activities.

### 3.0 METHODOLOGY

This paper adopts case study as a research methodology which enables researchers to closely look at the inputs from a relevant context of discussion. Yin (1984) suggests the use of case study as an empirical research method that requires researchers to identify a particular

geographical location or subjects of individuals as matter of analysis. This allows the researchers to discover and examine observable events through detailed contextual analysis and their relationships. In other words, Yin (1984) asserts that this research method suits to explore “contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used”. There are three main types of case studies; exploratory, descriptive, and explanatory, however, this framework of study focuses on the explanatory which examines the inputs closely as a mean to explain the observable phenomena or activities of CSR by selected companies of different industries.

For instance, a researcher may ask the reason as to why a student uses an inferencing strategy in reading (Zaidah, 2003). The explanatory cases are also used for causal studies where pattern matching can be used to explore certain observable events in very complex and multivariate phenomenon. However, the multiple-case design can be experimented based on real-life events that show numerous sources of evidence through reproduction rather than sampling inputs. Yin (1994) proposes that this method can provide the researchers with both on the surface and deep explanation of the subject matter by using the pattern equality technique – connecting common inputs from the same case to some theoretical proposition while multiple-case design enhances and supports the previous results.

### 4.0 THEORETICAL FRAMEWORK

#### The Stakeholder theory

Edward Freeman intended to understand who and how the affected stakeholders of an organization will be impacted by the company’s actions by asking the questions for instance, “What are their legitimate claims on the business?” “What rights do they have with respect to the company’s actions?” and “What kind of responsibilities and obligations can they justifiably impose on a particular business?”. This theory upholds an idea that both companies and stakeholders are responsible to one another and also towards the financiers and suppliers. The Figure 1 below illustrates the inter-dependant relationship between the theory in any of CSR activities.

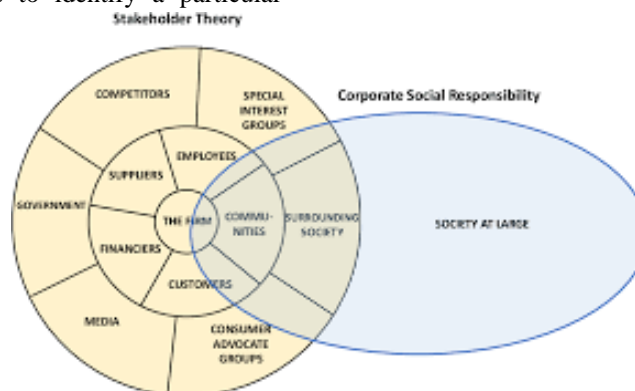


Figure 1: Connectivity between Stakeholder Theory and CSR

This theory explains that both stakeholder theory and CSR emphasizes on the significance of company responsibility towards communities and society. However, this theory has given sufficient focus on local communities where the company operates (see Figure 1's inner circle that stands for primary stakeholders) and surrounding society, a bigger area where local communities reside, for instance, city or district (Figure 1's outer circle that stands for secondary stakeholders). Looking from a larger perspective, CSR aims to outspread the social efforts as wider as possible, beyond the neighbouring area. For example, there are companies that actively involved in charity and donations in countries outside the hosting countries and where the business has no hub of operations (Tay, 2005).

## **5.0 LITERATURE REVIEW**

### **5.1 Five Principles of Maqasid Shariah**

Literally, the concept of *Maqasid Shariah* composed of two words: *Maqasid* and *Shariah* - means purpose or objective and Islamic divine law respectively, thus the words are self-explanatorily the theory on the objectives of Islamic divine law (Oladapo and Ab Rahman, 2016). Muhammad & Nesaru (2011) asserts that an Islamic prominent scholar, Abu Hamid al-Ghazali, who is also known as Imam al-Ghazali, has established the five categories of *Maqasid Shari'ah* as mentioned in the above section with further elaboration below.

#### **5.1.1 Protecting Faith**

This is the most very crucial component of *Shari'ah* whereby every Muslims must safeguard him or herself from any potential harm that might injure one's Islamic values. Protecting *'aqidah* (faith) includes abstaining oneself from illegal activities such as bribery and gambling is every Muslims accountability. In surah Ali Imran, verse 19 Allah says, "the religion in the sight of Allah is Islam. And those who were given the Scripture did not differ except after knowledge had come to them - out of jealous animosity between themselves".

#### **5.1.2 Protecting Soul**

Islam teaches us that all lives are precious; no one could cause any harm to himself or to others. Protecting one's live does not only limit to living, but every aspect encompasses including dignity, relationship and security. One of the common CSR activities undertaken by many companies is to enhance one's living which is coherent with verse 15 of Surah Al An'am, "And do not kill the soul which Allah has forbidden [to be killed] except by [legal] right".

#### **5.1.3 Protecting Soul and Intellect**

This is another significant component of *Maqasid Shari'ah* as the soul and intellect of human play crucial function at determining one's mentality, attitude, behaviours, and emotional intelligence. In Surah Al-Maidah, verse 90, Allah says, "O you who have believed, indeed, intoxicants, gambling, [sacrificing on] stone alters [to other than Allah], and divining arrows are but defilement from the work of Satan, so avoid it that you may be successful". Islam encourages man to protect the quality of intellect and soul by abstaining from alcoholic beverages, drug abuse which would drive people away from the right path by acting irrationally and potentially harming others.

#### **5.1.4 Protecting Offspring**

In Islam, to legalize a man-woman relationship, Islam encourages marriage to preserve the lineage and offspring (*nasab*). Islam is a religion of law and living, hence legitimizing a man-woman relationship through marriage is the best solution Islam offers to ensure the protection of one's heredity through which a family institution will establish. On the other hand, Islam rejects adultery - is a great sin in Islam with severe penalty within shariah ruling for those committed into this action adultery. In Surah Al-Isra, verse 32, Allah threatens "And do not approach unlawful sexual intercourse. Indeed, it is ever an immorality and is evil as a way".

#### **5.1.5 Protecting Wealth**

Islam has never discouraged its followers to become rich, instead being rich and wealthy Muslims would be advantageous towards enhancing the charity efforts and this serves as one of the beauty of Muslims, so long the wealthy do not come from illegal resources and will not be at expense of against the *Shari'ah* rules. The definition of wealth does not limit to one's possession of money and materials, but also how the wealth should be further distributed within a society or country to ensure the balance dispersion. As society members living comfortably, the issues of stealing, robbery, corruption and unfair monopoly are controllable. In Surah An-Nisa, verse 2, "And give to the orphans their properties and do not substitute the defective [of your own] for the good [of theirs]. And do not consume their properties into your own". These 2 of Quranic verses advise that the wealth one's possesses must be distributed in charity (*sadaqah*) in the benefits of others so this will alleviate poverty, provide a better living of the needy and at the same time inculcate one's value particularly on generosity that is align with Islamic teaching.

6.0 DISCUSSION

Table 1: The CSR activities by PETRONAS

Lenses of CSR	CSR by PETRONAS	Category of <i>Maqasid Shari'ah</i>	Sources of <i>Shari'ah</i>
1. Continued Value Creation	a.delivering inclusive innovation with the focus on minimizing carbon emanations, b.supplying power across the globe without interruption with purifier energy in a sustainable manner. c.providing insights into the potentials of a hydrogen supply chain in Asia. d.environmentally friendly products and services e.paying high regards to the health and safety of the consumers	a. The protection of life ( <i>hifz an-nafs</i> ) b. The protection of property ( <i>hifz al-mal</i> )	a.“Remember when your Lord said to the angels, ‘I am going to place a successive human authority on earth”. (Quran, 2:30) b. “And We made the sky a protected ceiling, but they, from its signs, are turning away”. (Quran, 21:32)
2. Safeguard the Environment	a. facilitating the rehabilitation and improvement of the centre's facilities. b. Energy conservation by reducing the carbon dioxide omission. c. planting and greening the campus by implementing the food composting technology	a. The protection of life ( <i>hifz an-nafs</i> ) b. The protection of intellect ( <i>hifz al-‘aql</i> ) c.The protection of property ( <i>hifz-al-mal</i> )	“And do not mischief on the earth, after it has been set in order, but call on Him with fear and aspiration. Indeed, the mercy of Allah (SWT) is near to the doers of good”. (Qur’an 7:56)
3. Positive Social Impact	a.collecting unused items include clothes, bags, belts, curtains, and blankets. b.farming mussel to restore livelihood of indigenous community c.supporting mental-health and well-being d.sponsoring the outstanding needy students to pursue higher level of education e.access to clean and drinkable water, permits the society members to dedicate more of their time and energy for productive activities like learning and the economy.	a.The protection of faith ( <i>hifz al-din</i> ) b.The protection of life ( <i>hifz al-‘nafs</i> ) c.The protection of intellect ( <i>hifz al-‘aql</i> ) d.The protection of property ( <i>hifz al-mal</i> )	a. Allah says, “Help one another in acts of piety and righteousness. And do not assist each other in acts of sinfulness and transgression. And be aware of Allah. Verily, Allah is severe in punishment” (Quran 5:2). b. Allah commands justice, doing good and generosity towards relatives, and He forbids what is shameful, blameworthy and oppressive. He teaches you, so that you may take heed. (Qur’an 16: 90)
4. Responsible Governance	a.employees must demonstrate a good moral conduct at all events. b.pay high regards towards the needs of community nearby especially.	a.The protection of faith ( <i>hifz al-din</i> ) b.The protection of life ( <i>hifz al-‘nafs</i> )	a.”If, unintentionally, any misconduct occurs by you, then correct yourself expeditiously”. (Quran 3:134) b.”Be generous to the needy wayfarer, the homeless son of the street, and the one who reaches you in a destitute condition”. (Quran 4:36) c.”Be nice to people who work under your care....(Quran 4:36).

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The above table demonstrates the CSR efforts by PETRONAS that are consistent with the concept of *Maqasid Shari'ah* which supported by the two sources of Islamic teachings: *Al-Qur'an* and *Hadith of Prophet Muhammad* (Peace be Upon Him). The Table 1 shows that PETRONAS has done significantly valuable series of CSR that are meaningful to the organization and its beneficiaries.

### 6.1 Analysis on the Four Lenses of CSR by PETRONAS from *Maqasid Shari'ah* Approach

#### 6.1.1 Continued Value Creation

All companies must aspire to offer the best quality of products and services to their respective stakeholders – regardless of business sector. Operating under the Oil and Gas industry, PETRONAS seeks to satisfy the three major types of activities: Gas Business, Clean Energy Solution, and Project Delivery and Technology. Islam preaches transparency and openness in business dealing; as per the PETRONAS CSR Report (2022), the organization has publicized its business performances through declaration and disclaimer, product quality acknowledgment and at the same time emphasizes on the production and emanation of waste which are also coherent with the approach of *Maqasid Shari'ah*. In this context, the emphasis of CSR lies more towards protecting the life (*hifz an-nafs*) of people and protecting the property (*hifz al-mal*) of surrounds and organization.

#### 6.1.2 Safeguard the Environment

PETRONAS Integrated Report, Annual Report and Financial Report prepared by PETRONAS on yearly basis are among the top publicized media that PETRONAS distributes to its respective stakeholders. These audited and accredited documentations are crucial to rest assure the stakeholders that the organization has been responsible in its operation; production and emanation of waste as well as environment (Masri, 1992). Preserving the environment is one of the most important messages Allah has highlighted in Qur'an (21:32), "*And We made the sky a protected ceiling, but they, from its signs, are turning away.*". This Qur'anic verse reminds and at the same time encourages not only Muslims but also everyone to preserve the green and beauty of the earth from any sort of harms and demolition. PETRONAS, in this context through its reports disclosure explain how the organization strives to minimizing the carbon dioxide omission, planting as well as greening the campus, and implementing the food composting technology (Gray, Owen and Maunders 1987).

#### 6.1.3 Positive Social Impact

One of the most impressive behaviours in Islam is feeding the needy and poor; Prophet Muhammad (Peace be upon Him) motivated His followers to offer meals for *iftar* (fast-breaking) in the month of *Ramadhan* and fulfil the obligation

of *zakat al-fitr* to the poor on *Eid al-Fitr*. A companion of Prophet Muhammad (Peace be upon Him) once asked Him "What Islamic traits are the best?" The Prophet replied, "Feed the people, and greet those whom you know and those whom you do not know". (Bukhari). Being a highly profitable company, PETRONAS has undertaken a series of social efforts to distribute its wealth especially to support the communal causes for instance sponsoring the outstanding needy students to pursue higher level of education, farming mussel to restore livelihood of indigenous community, collecting unused items include clothes, bags, belts, curtains, and blankets, and supporting mental-health and well-being. Another crucial effort PETRONAS has put in providing a more conducive living of other includes giving the beneficiaries an access to clean and drinkable water. This effort is also consistent with the saying of Prophet Muhammad (Peace be upon Him) that "The best charity is giving water to drink" [Ahmad].

#### 6.1.4 Responsible Governance

Almost all businesses establish a set of good moral conducts for their employees to comply with – this importance comes with plentiful of benefits for both companies and stakeholders: image building, product branding, ethical being hence enhance trustworthiness of others towards an organization. Internally, PETRONAS demands all of its employees to exhibit a positive moral and ethical conducts at all times, by practicing openness, honesty and objectivity in communicating with the respective stakeholders and avoiding the unpleasure ones for instance whistleblowing, acts of solicitation, bribery, corruption, gifts and entertainment, and money laundering. Operating under the high-risk working environment, PETRONAS has never compromised its employees' safety; instead, this is its top priority – to deploy only accountable technical facilities and machineries on sites. This practice is consistent with a saying of Prophet Muhammad (Peace be upon Him), "Your brothers are your responsibility. Allah has made them under your hands. So whosoever has a brother under his hand, let him give him food as he eats and dress as he dresses. Do not give them work that will overburden them and if you give them such task then provide them assistance." (Al-Bukhari). To make this initiative possible, Islam through the concept of *syura* (consultation) demands the decision makers to take into accounts the views of others prior to judgement. In the context of an organization, the superiors should consider highly the voices of subordinates before giving any verdict as this can satisfy the expectations of the subordinates; at least their voices are being heard of and this is crucial for long-term commitment and loyalty towards an organization

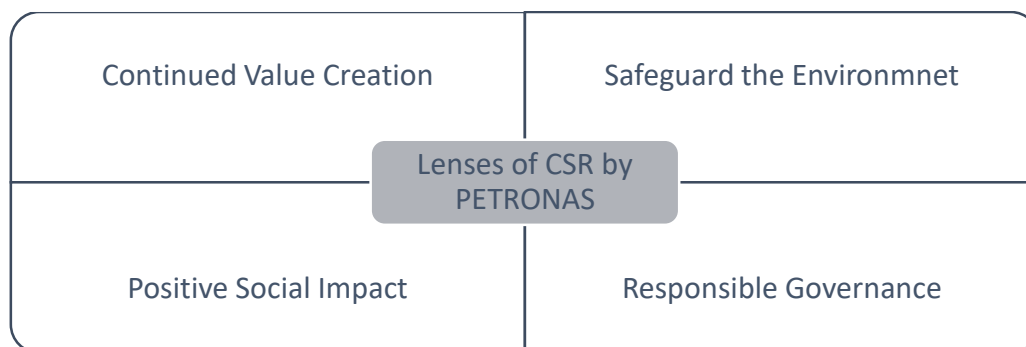


Figure 2: Model Adopted from the Four Lenses of CSR by PETRONAS

## 7.0 RECOMMENDATION AND CONCLUSION

CSR remains trendy across the business sectors – it comes with objectives of enhancing the shared values among employees, investors, communities, and customers. This application is too far from the Islamic approach of *Maqasid Shari'ah* whereby the emphasis of such practice is given to protecting or preserving the faith, (*hifz ad-din*), property (*hifz al-mal*), soul and intellect (*hifz al-'aql*), life (*hifz an-nafs*), and offspring (*hifz an-nasb*). PETRONAS, as one of the Malaysian GLC has strived for many years to fulfil those needs in the series of its corporate-social efforts. Based on the above-illustrated table 1, it is remarkably significant that PETRONAS often choose to fulfil the three categories of *Maqasid Shari'ah*, they are the protection of life (*hifz al-'nafs*), the protection of intellect (*hifz al-'aql*) and the protection of property (*hifz al-mal*).

Regardless of the profit marginalizing an organization has achieved, CSR should be set as a mandatory. Although there is no standard formula how CSR should be executed, as it may take in any form so long the outcome of such an effort would be in the interest and benefit of the respective stakeholders – at the same time enhancing the values of one organization. However, since the planning and implementation of CSR is undefined, this can be a slight tricky and risky, thus, a standard guideline on how CSR should be executed must be clearly identified to assist organizations completing the corporate-social efforts.

Islam is a religion of kindness; it encourages and supports these efforts all the way and CSR carries this value. Apart from this, PETRONAS has also put additional initiatives to disclose its audited and accredited reports on their activities, achievement, expenses and returns to prove its accountability and honesty in business operations throughout for the public acknowledgement.

As for future research, this study suggests that an emphasis should be given on discussing how the managers should consider the particular group of beneficiaries at specifying the type of CSR they wish to offer, instead of making generalizing social activities they consider as CSR.

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