Shadaqah as Green Cost: An Explanation

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ABSTRACT

Among the predominantly Muslim Madurese people living in villages, shadaqoh (charity) is considered almost an obligation. This practice is typically observed on Friday nights or during major Islamic holidays, such as Muharrom, Maulid, and Ramadan. Similarly, this moment is utilized by business owners for religiously and socially good deeds. However, the application of this charity can become biased; its context is often questioned as being solely for charity or if it is merely compensating for environmental costs incurred from their business impact. The purpose of this study is to describe the shadaqoh that is performed by entrepreneurs in Madura from the perspective of the surrounding community who are the recipients of the charity. A qualitative method with a phenomenological approach was used for this research. The results indicate that environmental pollution is excused by the community, provided that lives are not endangered, because the business owners are viewed as having carried out their obligations as human beings who have profit from their business by providing compensation, which is called shadaqoh.

1. Introduction

Shadaqah, a form of voluntary charity in Islam, can be equated with the concept of green costs in environmental accounting. While *shadaqah* is driven by moral and religious obligations to assist others [1]. Green costs focus on the financial impact of corporate compliance with laws to prevent environmental damage [1]. Both *shadaqah* and green costs involve taking actions beyond mere legal requirements, *shadaqah* for the benefit of society and green costs for environmental protection and enhanced reputation [1]. By understanding the parallels between *shadaqah* and green cost, individuals and businesses can contribute to both societal well-being and environmental sustainability simultaneously, in alignment with the principles of both concepts.

Shadaqah can indeed be seen as an environmental investment that goes beyond mere philanthropy, as highlighted in various studies. By aligning Shadaqah with environmental activities, individuals can contribute to long-term environmental sustainability [1-2]. This approach not only serves as a charitable act but also functions as a strategic investment in reducing overall green costs by minimizing negative environmental impacts [3-4]. Applying Shadaqah to environmental initiatives can foster a culture of responsibility and concern for the environment, instilling conservation and management values among individuals [2]. Therefore, integrating Shadaqah into environmental efforts can play a crucial role in promoting sustainable practices and reducing environmental degradation in the long term.

In Green Accounting, the use of *shadaqah* for environmental projects can indeed be considered as an expense recognized in a company's financial statements, in line with the principles of social responsibility and potentially leading to fiscal incentives [6] [3]. Accounting emphasizes the integration of environmental costs into financial reporting, aiming to internalize these expenses into a company's normal production costs [4]. By recognizing *shadaqah* used for environmental initiatives as expenses, companies can demonstrate their commitment to environmental sustainability, fulfill their social responsibilities, while potentially benefiting from fiscal incentives [5]This approach not only highlights the importance of environmental management but also contributes to broader goals of supporting initiatives such as the Sustainable Development Goals 2030 (SDGs) through Corporate Social Responsibility (CSR) efforts (CSR) [7].

The use of *shadaqah* can indeed enhance a company's reputation, in line with the increasing emphasis on sustainable business practices among stakeholders and the public. Research shows that financial performance positively influences corporate reputation[5] , while green marketing and corporate social responsibility contribute to positive brand image and reputation [6]. Additionally, corporate environmental responsibility has a significant positive effect on economic performance, with green reputation mediating this relationship [10] . Sustainability is crucial in shaping consumer perceptions and building trust, as companies that embrace sustainable practices tend to thrive and gain a competitive advantage [2]. Internal factors such as sustainability and company size play a role in influencing business reputation, highlighting the importance of considering these factors for reputation management [7].

In Madura, big business people are well known to the public, such as H. Her, a cigarette businessman known for his generosity, and many other businesspeople. The symbol of these businesspeople's greatness is usually shown during Maulidan celebrations with various kinds of blessings or during Eid al-Fitr with various types of holiday bonuses. However, in this study, the researcher will not discuss this from the perspective of the businessmen themselves but rather from the perspective of the surrounding community affected by the businessmen, making this the novelty of this research.

Based on several studies mentioned above, they discuss corporate social and environmental responsibilities. In Madura, to date, there have been very few complaints from the community or environmental activists against certain entrepreneurs, even though their businesses have a negative impact on the community. However, it cannot be denied that there are also people who remain silent because they feel shy towards the people who own these businesses.

This study offers a new perspective by combining the concepts of sharia (shadaqah) and green economy (green cost) within the framework of eco-theology. Some of its novel aspects include: Expanding the meaning of shadaqah not only as individual charity but as a mechanism for sustainable financing, proposing an environmentally-based shadaqah model, such as the “tree donation” or “water endowment” programs, which can be adopted by Islamic philanthropic institutions, and integrating sharia economics, ecology, and communication science approaches to examine how framing shadaqah as green cost can influence societal behavior.

The absence of complaints from the community indicates a high level of social tolerance. As stated in the research by Firadusi and Malia [8] the community demonstrates social appreciation, which can be seen from the extent to which these community groups have begun to exercise self-control and open up space for dialogue. Companies as environmental impactors should pay attention to environmental costs.

2. Method

The method used in this study is a qualitative research method with a phenomenological approach. The phenomenological approach was chosen to understand the meaning of people's perceptions of corporate social responsibility as packaged in *shodaqoh* gifts. Phenomenology is the subjective experience of consciousness from an individual's perspective (moleong). This study falls under qualitative research, as it will describe, explain, and provide detailed answers regarding the public's understanding of the impact of pollution caused by the activities of those in power.

The research objects in this study consist of two research objects, the first being a village with many laying hens, and the second being a village with an asphalt factory. Interviews are one technique that can be used to collect research data. The interview method is a question and answer process between the informant and the researcher through direct communication. In this method, the researcher and informant meet face- to-face to obtain verbal information with the aim of obtaining data that can explain the research problem. The informants consist of two people. The first is a person who lives in a community affected by pollution from the asphalt company, while the other is a member of the community who lives near a chicken farmer and egg distributor, as well as a livestock feed distributor.

The data analysis technique used in phenomenological research is transcendental phenomenological analysis, which focuses on the study of subjective consciousness through in-depth interviews. This consciousness emerges through experience, as experience is a crucial element. The results of the in-depth interviews with the subjects will be documented in a working paper or in the form of a table that includes noema, noesis, epoche (bracketing),

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intentional analysis, and eidetic reduction.

3. Results and Discussion

Public Awareness of Pollution

Chicken farming can cause pollution, namely air pollution and health risks, primarily respiratory problems [9]. In Kertagena Laok Village, Kadur District, Pamekasan Regency, there is a businessman named H. Isma'il who owns a chicken farm with around 10,000 chickens and also has a shop that sells chicken feed and equipment and serves as a place for other farmers to sell their eggs. The poultry farm is located in a densely populated residential area.

Based on Lilik's awareness as the main informant regarding air pollution and respiratory problems caused by chicken farms:

> "No, it doesn't smell. Maybe it's because I'm used to it, but new people do say it smells".
> *(Ndak bu, ndak bau.. apa mungkin karena terbiasa yaa, tapi kalau ada orang baru memang bilangnya bau bu).*

Lilik's initial statement (noema) explains that chicken farms do not cause odors even though they are located close to residential areas. Lilik interprets the presence of chicken coops around residential areas as not being a problem because he is accustomed to the smell of chickens, so over time he no longer notices the odor. This is Lilik's noesis. The intentional analysis is how Lilik states that because he is accustomed to being in that environment, the presence of chicken farms does not register as an odor on his sense of smell. The eidetic reduction is that Lilik is aware that the chicken farms around his home actually emit an odor, but he no longer perceives it as such.

Meanwhile, the second informant, Mrs. X, a grocery seller near the asphalt factory, made a statement about her awareness of air pollution from the asphalt factory:

> "*goooh, jek tanyaagi bu, beu sarah. Napapole mon nemor, ghenna' ben abunah pa'napa' ka dhepor. Nase' celleng kabbhi*."
> (Oh my, don't ask, it stinks. Especially during the dry season, with the ash seeping into the kitchen. The rice is all black.)

Mrs. X's initial statement (noema) explains that the asphalt factory pollution is very smelly. Mrs. X interprets the existence of the asphalt factory as disrupting her daily life. Her noesis is that the asphalt factory should not be located in the middle of a residential area. The intentional analysis is how Mrs. X states that despite the disruption, she continues to endure the unfriendly environment. The eidetic reduction is that Mrs. X is aware that the asphalt factory does indeed cause air pollution and disrupt the community.

Capitalism has proven itself to be highly effective in domesticating environmental accounting [10], but we have yet to find the right approach, nor have we developed the right mix of environmental accounting technologies to reprogram the core of capitalism along new, radical, and sustainable lines [11]. Even in the realm of small businesses, society has overlooked important forms of environmental concern, accepting compensation in the form of gifts [12], thereby forgiving everything.

Shodaqoh as Green Cost

According to [13] there are several costs that serve as indicators in the implementation of green accounting, including: environmental prevention costs, which are costs incurred for company activities aimed at preventing the production of waste and/or garbage that could cause environmental damage; environmental detection costs, which are costs incurred for activities carried out to determine whether products, processes, and other activities within the company comply with applicable environmental standards or not; environmental external failure costs, which are costs incurred for activities carried out after releasing waste or garbage into the environment. Environmental external failure costs can be divided into two categories, namely realized external failure costs and unrealized external failure costs [13].

In understanding *shodaqoh* as a green cost, Lilik, as an informant, stated the following:

> "You know, JI Ma'il (with a Madurese accent) often gives gifts to our house. Then, if there are many blessings, many people are invited, and you don't have to pay for the eggs, just give them away. During Eid, he gives envelopes and sarongs."

Lilik interpreted the gifts given by Haji Ismail, a chicken farmer, as a form of reciprocity for the negative impact (the smell of chicken manure) that constituted Noema, while he considered that Haji Ismail had given alms as a form of reciprocity based on Lilik's experience as a recipient of alms, which constituted Noesis. Then, to find the epoche, the researcher continued with follow-up questions.

> *Emang bisa lik, polusi atau penyakit hanya dibayar dengan bherkat molod?*
> (Is it possible to pay for pollution or disease only with bherkat molod (Maulid gifts)?

Then answered with:

> "*Ndak merugikan masyarakat kok bu, pekerjanya juga dari tetangga sekitar"*
> (It doesn't harm the community, ma'am, the workers are also from the surrounding neighborhood.)

Lilik assured that it was normal for Haji Ismail to build chicken coops around densely populated residential areas because it was his right to do so. All this time, the neighbors had been given compensation in the form of gifts, which were considered by the entrepreneur and the community as a form of charity and his concern for the surrounding environment. The key findings that researchers can abstract from the interview with Lilik are as follows: Lilik

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understands that the charity given by Haji Ismail, as a businessman whose activities have environmental impacts, can be substituted for green costs, as the community has not complained to Haji Ismail. Mrs. X understands charity as green costs as follows:

> *"Kauleh eparengi beras 20 kg sareng obeng 200 bu, cokop nah mon gebey tellasan, enggi keng satellasanan bu".*
> (I was given 20 kg of rice for 200 thousand rupiah, ma'am. Yes, it's enough for Eid, but only for one Eid, ma'am (I mean, it's all gone straight away).

Mrs. X interpreted the charity given by Mr. Haji A, the owner of the asphalt factory, not as compensation for his business causing respiratory problems for the community (Noema), but because Mr. Haji A was a wealthy man who liked to give charity (noesis). This was followed by a follow-up question about Mr. Haji A's charity:

> *Teros sampeyan olle napah bu kan pon nyiom beu aspal sabben are*
> (So what do you get, ma'am, you already smell asphalt every day)

> "*Gi tak olle napah bu, jek bek jeu kaule bengkona ben ji A, gi mon Dhisah benyak bu ollena mon bedhe pawai kaissah pas etanggung sareng JI A, otabe guntenggun sholawatan kaissah kan gratis bu tak osa majer. Enten tak olle napa pole gun tellasan genika*."
> (Yes, I can't get anything, ma'am, because I'm far from home from Haji A. Yes, if there's a lot of it in the village, ma'am, if there's a parade like that, it's right for Haji A to bear it, or to watch a sholawatan like that, it's free, you don't have to pay. Yes, you can't get anything else, just Eid.)

Mrs. A believes that Hajj A has contributed greatly to the community, especially in helping the village with its activities and providing free entertainment for the community. According to Mrs. X, this is sufficient as a form of Hajj A's contribution to the community (eidetic reduction). The community does not demand much from Hajj A in terms of his efforts, because what Hajj A has given so far is sufficient as compensation to the community.

Shadaqah in the context of green costs should be understood by the community as a form of charity that is not only valuable in terms of worship, but also contributes to environmental preservation and ecosystem sustainability [14]. This concept combines spiritual values with ecological awareness, so that *shadaqah* is not merely seen as a ordinary material gift, but also as an investment in preserving the earth [15].

Shadaqah, a form of voluntary charity in Islam, can indeed be seen as an environmental investment that goes beyond mere philanthropy [16]. as highlighted in this study. By aligning Shadaqah with environmental activities, individuals can contribute to long-term environmental sustainability [17]. This approach not only serves as an act of charity but also functions as a strategic investment in reducing overall green costs by minimizing negative impacts on the environment [18].

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Applying Shadaqah to environmental initiatives can foster a culture of responsibility and concern for the environment [19]. instilling values of conservation and stewardship among individuals. In addition, the integration of Shadaqah and green accounting can foster a culture of corporate social responsibility (CSR) that goes beyond mere compliance [1]By adopting practices that not only fulfill legal obligations but also actively contribute to the well-being of society, companies can enhance their public image while promoting environmental sustainability [20].

As demonstrated by Haji Ismail, this dual approach (*Shadaqoh* and Green Cost) can lead to increased customer loyalty, as customers increasingly view Haji Ismail as an individual with a “brand” associated with ethical and sustainable practices. Ultimately, the alignment between the spiritual values inherent in *shadaqoh* and the pragmatic goals of green accounting paves the way for a more holistic understanding of success that encompasses mutual benefit [21].

4. Conclusion

The public's acceptance of pollution caused by chicken coops and asphalt factories is sufficient with the attention of entrepreneurs during Islamic holidays by giving various gifts in the form of basic necessities and money. The affected communities feel that this is reasonable for entrepreneurs to do on the grounds that it does not cause harm, as “harm” to the community is a short-term impact that is dangerous. Up until now, they have considered their lives to be good and have continued to receive various gifts [23]. [3-4] As stated in three paragraphs. The first paragraph contains findings. The second paragraph contains theoretical/practical contributions, and the third paragraph may contain novelty and limitations of findings.

Environmental costs, which consist of environmental prevention costs, environmental detection costs, environmental internal failure costs, and environmental external failure costs, can be aligned with *shadaqah* in Islam. Society can readily accept the concept of environmental costs packaged with philanthropy or *shadaqah*. Applying *shadaqah* to environmental initiatives can foster a culture of responsibility and concern for the environment [23]. This approach not only serves as a charitable act but also functions as a strategic investment in reducing overall green costs by minimizing negative impacts on the environment [22] [23] as stated in three paragraphs. The first paragraph contains findings. The second paragraph contains theoretical/practical contributions, and the third paragraph may contain novelty and limitation of findings

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