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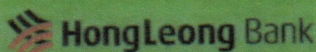


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## **Islamic Concept for Environmental Management and Implication for Small Medium Enterprise (SMEs)**

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### **Abstract**

Islam is very concern with environmental problem. Based on Qur'an and Hadits we want to explore the fenomena of environmental degradation related with employee welfare. Environmental issues are still relevant to study along with the development of industrial activities. Industrial activities will cause environmental problems, such as air, land, sound, and water pollution, as an impact of the poor environment. This phenomenon is very important to study, especially on the aspects of environmental management. This study as a qualitative study involved 25 informant from convection industries in Central Java, especially on Tenun Troso. Informant are the production manager of industries. There four variables used in this study; Islamic Corporate Environmental Management, Islamic Environmental Performance, and Islamic Corporate Performance. Observation and focus group discussion applied to get the datas. The data analysis for the study use descriptive analysis. The result of the study shows that the average of all variables below three at five point likert scale. It means that the result indicate the environmental management is very low, and indicate not proactive. This fenomena is not relevant with recent conditions that focus on proactive. The implication of this study shows that it is important to increase the responsibility of convection industries in Central Java seriously in managing the industrial environment by empowering the suppliers, employees, and societies. On the other side, environmental problems should be studied and solved as early as possible by involving educational and religious institutions to give much attention on the environmental issues.

**Keywords:** Islamic Corporate Environmental Management, Islamic Environmental Performance, Islamic Corporate Performance

### **INTRODUCTION**

Rao (2004) asserts that in anticipation of world development, South East Asian countries holds a very important role in the activity of production process for its comparable advantage on labor section known as *a cheaper production house*. Manufacture activity executed mostly in South Asian countries will be an indikator to the growth of environmental issues. Moreover, this situation might lead to a sterner environmental challenge. According to Rao (2004) in the future decades the role of small and medium enterprises (SMEs) will be central in manufacture sectors. A research by USAEP reveals that 70% of world's manufacture activity is going to be executed in Asia and the majority of the industry will be dominated by SMEs.

Islamic perception believes that religion is not in contend with science and technology for their unsecular characteristic. In fact, religious values are always be the soul of science and technology. From islamic view, human being's live is inseperable from his ecosystem. Indeed, both are integrated (Yavie, 2006). Based on Yavie's explanation, it can be inferred that there is

no separation between religion and science for mankind is inseparable from his environment. The concept of islamic environmental management (Alim, 2006), is initiated on three basis. First, mankind stands out as a caliph on earth as in Al Baqara (2:30).

..... *Behold thy God said to the angels: "I will create a vicegerent on earth."*

Consequently, mankind is mandated to carry out of Allah's orders to protect, nurture, and develop nature for their own sake. It means that mankind is responsible for the continuity of the environment as well as the balance of the ecosystem created by the Almighty. Being a caliph on earth is a credence given by the Almighty for He believes that mankind is capable to be a leader.

Second, as Allah says in sura Al-A'raaf (7:56), mankind shall not work in confusion in the earth.

..... *Work not confusion in the earth after the fair ordering (thereof) and call on Him in fear and hope. Lo! the mercy of Allah is nigh unto the good"*

Destruction by mankind is not only a reflection of mankind's axiom of greed towards his environment, beyond it all it is a reflection of a vulnerable faith from which destruction occurs and befalls not only mankind but also other beings on earth.

Third, mankind's duties are to nurture the nature as in sura Al-Hijr (15:19).

..... *And the earth have We spread out, and placed therein firm hills, and caused each seemly thing to grow therein.*

Allah has created hills to direct the wind and on which trees grow hampering the heavy water flow to hinder mankind from flood that might bring suffering to them. Hamdan (2007) asserts that a healthy spirit is obtained from the presence of faith to Allah and thus one's spirit, heart, mind, senses, body, and attitude can be in harmony. Spiritual intelligence is built upon a healthy spirit, and both are built upon *Taukhid*. Vertically, the indication of succes is the existence of integrated convictions towards *islam*, *ikhshan* (perfection in acts of worship), and *taukhid* (divinity) known as the real *taqwa* (peity). Hamdan (2007) identifies four qualities of divinity; *tauhid uluhiyyah*, *tauhid rububiyyah*, *tauhid ubudiyyah*, and *tauhid khuluqiyyah*. On its correlation to environmental issues, normative concept as described by Alim (2006) and Yavie (2006) indicates that faith is the most basic foundation upon which environmental management together with its problems can be overwhelmed. Whereas, awareness to environmental management cannot be detached from mankind's values of *tauhid*. Alim (2006) brings about three stages in environmental management; as a caliph, mankind is responsible to control the earth management, prohibited to conduct confusions and responsible to keep environment in balance.

Based on a normative discourse, Islam believes that there are three keyfactors underlying environmental awareness; mankind, as a caliph who is chosen to be the trustee of the Almighty, is responsible to nurture the nature, do no confusion on earth, and keep the nature in balance. *Amamah* (trusteeship) is about everything entrusted to mankind, regarding his own privilege, God's or others'. To be able to present an empiric follow up, islamic concept based on normative discourse needs to be elaborated further. And thus, through empirical discourse, this research will be developed into enterprise's environmental management.

Environment is defined as *Surrounding in which an organization operates, including air, water, land, natural resources, flora, fauna, humans, and their interrelations* (ISO in Naffziger, 2003). Another definition said that environment is the totality of space and objects, power, condition and creature, including mankind and his attitude which affects the existence of the live and welfare of mankind as well as other being (Constitution of Indonesia No. 4 of 1982).

Meanwhile, environmental management is a concerted effort in the use, arrangement, maintenance, monitoring, controlling, recovery and development of the environment. In a enterprise context, enterprise environmental management is intended as an attempt to capitalize, organize, maintain, and supervise the enterprise's environment so that there is harmony and balance in creating sustainability for the enterprise itself.

Environmental initiative in the context of greening the supply chain, according to Rao (2002), is a enterprise's initiative to improve its environmental performance, improve the complaint handling, and increase competitive advantages. Naffziger (2003:23) identifies environmental initiatives with environmental concerns, which by definition is the importance of the individual in doing the maintenance and the protection of the environment through activities supporting environmental sustainability. Environmental initiatives have a significant influence on environmental performance (Rao, 2002). The role of human resources in protecting the environment is very dominant through their involvement in environmental management activities. Rao (2004) found that the involvement of employees (worker involvement) has a direct and significant impact to the greening production, which means that employee's involvement is an important factor in achieving the greening production. Florida and Davidson's research (2001) also concluded that employee involvement is a key factor in achieving pollution prevention at the U.S. companies. In another research, Rao (2004) also found that there is a significant effect between supplier integration and net production. Both studies indicate that integration with suppliers has a significant impact on the environmental performance as well as enterprise's performance.

In *sharia* enterprise theory, Islam applies the metaphor of trusteeship to perceive, understand, and develop business and social organizations (Triyuwono, 2006). This metaphor provides fundamental implications, especially in the concept of management. The concrete form of this metaphor in the reality of business organization are; charity, preservation of natural environment, and stakeholders' interest. Basically, the *sharia* enterprise theory includes indirect participant into the distribution of added value. Research on environmental initiatives or environmental concerns and its impact on the environment ends up in a different conclusion (Naffziger, 2003). The traditional view believes that environmental activities will negatively affect enterprise's performance, particularly the growth in sales and profit levels. This view lies on the need that high investment is required as a reflection in creating products and production process activities in order to achieve a better economic value and environment. In another verdict, Bandle (1992) revealed that indications of proactive environmental management practices may affect long term economic advantage. Ahmed *et al.* (2004) concludes that environmental concerns had significant correlation to environmental performance, particularly to the operational efficiency and enterprise's image improvement, but not to enterprise's profits and revenues.

## **Theoretical Background**

### **Green Theory**

In the late 1970s and early 1980s, green politics experts acknowledged that moral values must be put forward as the center of value. Rejected arrogance, self interest, and idiocy as done by the ideology of liberalism and socialism, those experts formed the ecocentric philosophy (ecology-centered) which tried to understand every facets of life. From the ecocentric perspective, environmental concern is not merely focused on the protection of human health and prosperity of future generations, but also on giving attention to the need to limit the exploitation of natural resources. In the green theory, environmental injustice

increases as social agents become irresponsible for the existence of environmental costs as a result of their reckless decisions and practices. The fundamental purpose of green theory is: (1) Reducing a broader ecological risk, and (2) Preventing the growing cost of environmental damage as a result of the unfair competition.

Liberalism and socialism ideologies assume that sustainable development can be achieved by increasing economic growth. This is in contrast to the sustainable development based on ecological sustainability. Ecological economists can no longer be convinced that market mechanisms would be able to provide efficient resource allocation, offer fair distribution of wealth and income in meeting human needs or ensure its operation on economic scale. On the contrary, they pronounced that the market capacity can only be achieved through political will i.e. through environmental education, community cooperation and negotiation, government regulation and international cooperation. The modern ecologists argue that economic competition and constant technological innovation can produce economic growth involving less energy and resources and at the same time produce less waste in each unit.

### **Islamic Leadership**

The meaning of leadership in being a caliph comprises double meaning. On the one hand caliph is interpreted as head of state in government or the Islamic empire in the past. In the context of kingdom, the definition is the same as sultan. On the other hand, caliph embraces the meaning as the representative of God on earth. God Representation comprises two meanings. The first is embodied in the position of a sovereign or head of state. The second is in the function of the man himself on earth as God's most perfect creation and thus, in running the position as a caliph on earth, mankind has to possess intelligence an early preparation is acquired.

Environmental management is mankind's responsibility as a caliph on earth as in Al-Baqarah (2:30).

..... *And when thy Lord said unto the angels: Lo! I am about to place a caliph in the earth, they said: Wilt thou place therein one who will do harm therein and will shed blood, while we, we hymn Thy praise and sanctify Thee? He said: Surely I know that which ye know not.*

This verse explained in detail about the definition of caliph. When talking about raising the degree of understanding from some (human) above the others, its target is human race in general. They are racing to obtain power, so that one may be superior over the other. The word caliph in this context is to be understood as rulers or those who have power.

*Khilafa* in the Islamic Encyclopedia is a term that appears in the history of Islamic rule, as an Islamic political institution, which is synonymous with the word *imamah* (leadership). According Mawardi in Rahardjo (2002), caliph replaces the prophetic role in maintaining religion and regulating the world. Mankind undertaking the trusteeship as a caliph for its quality and ability to think, capture, and use the communication symbols (Rahardjo, 2002). Caliph is a function that is carried by human based on the trusteeship he received from Allah. Its core mandate is the duty to manage the earth responsibly, with the mind being granted by Allah upon him. The task of mankind's leadership on earth is related to trusteeship which is one of the principles of leadership. Prophet Muhammad owned four leadership traits: *Shiddiq* (honest), *fathanah* (intelligent and knowledgeable), *amanah* (trustworthy or reliable), and *tabligh* (communicative).

In the context of maintenance, the effort to nurture the universe is an effort to keep Allah's favor simultaneously. On the contrary, conducting mischief on earth will result in

disasters upon mankind. The relationship between mankind and environment is an interrelated relationship. This universe is Allah's creation and the environment in which we live is an integral part of mankind's live.

### **Environmental Management System.**

According to Darnall in Hussey, 2003, Environmental Management Systems (EMS) is a formal package consisting of procedures and policies that explain how certain organization will manage the potential environmental impacts. EMS is a structured approach in relation to issues on environmental management providing the basis to guarantee complaints as well as industries's performance. The EMS concept that has been defined previously shows that environmental management is integrated with business management organization. Environmental management becomes the responsibility of all employees in creating a healthy and safe environment. Bergeson (2005) states that there are four stimulators involved in the development and implementation of EMS. First, a demand for certification that requires reports and procedures in preparing and reporting the necessary information. Management must consider the industries's performance standards. Second, a need of fuel innovation in developing the EMS since corporate is continually thinking of fresh and better ways to achieve better and more sustainable development, competitiveness and prosperity. Design and implementation of EMS is part of the innovation process and instrument in saving corporate resources as well as maximizing pollution prevention. ThIDR, an incentive for corporations which succeed to develop and implement EMS and fourth, a demand for change in the ways business is managed.

EMS Implementation can affect the improvement of environmental performance, particularly on waste reduction, pollution prevention, and organizational efficiency. EMS model has a continuous improvement cycle which is based on the plan, do, check, and act process. The EMS of ISO 14001 approach has five main components, i.e. environmental policy, planning, implementation and operation, monitoring and corrective action, and management review. EMS implementation is strongly influenced by the role of departments directly involved in the objectives achievement. The role performed will be related to efforts to adopt environmental protection regulations, reduce customer complaints and pollution, improve production and energy efficiency, save cost, and conserve natural resources. EMS is expected to create better environmental quality and guarantee resources conservation, which must be supported by external communication considering the fact that corporations are part of industry, in which a positive and cooperative relationship with other companies is required.

### **Islamic Environmental Performance.**

Prohibition to not do confusion on earth is a very serious attention in many verses of the Quran. Various verses discussing the prohibition of confusion give implication that the impact of such conduct could be very dangerous, especially for the future generations. Allah's most serious warning is emphasized on the actions of destruction for it brings about devastation (Al-Baqara; 205) and damage to the earth (Al-Baqara; 251).

Alim (2006) stated also that environmental problem is strongly associated with faith levels. The damage occurs on Earth is a result of greed and the axiom of human faith decrease. Environmental damage is an indication to the decrease of quality or environmental performance. In the traditional approach to operations management, organizational performance evaluation is based on four indicators: cost, quality, time, and service. Along with the importance of environmental conservation, the corporate performance measurement should

be addressed to achieve a sustainable development. The phenomenon of sustainable development will impact on the need of redefinition of operational function.

Angell (1993) defines environmental performance: as an operations objective could be the first step towards developing an environmentally sustainable strategy. In the International Standard Organization (ISO) 14001, environmental performance is defined as: measurement results or the environmental management system, related to an organization's control of its environmental policy, Objectives and targets. While Theyel (2000) considered that the environmental performance is associated with the effectiveness of the reduction of activities that do not generate added value. As a benchmark for corporate success in implementing a proactive environmental management, identification of a proactive environmental performance is possible to be done. The implementation of proactive environmental management requires the involvement of several basic principles into corporate strategy.

### **Islamic Corporate Performance.**

In measuring corporate performance Naffziger (2003) and Ahmed (2004) involves indicators such as: profit, income, good relationships with customers, suppliers, operational efficiency, and corporate image. Performance is the result of work influenced by the structure and behavior of the industry in which the result is identified with market share or in the amount of profits of a corporation in an industry (Kuncoro, 2007). But in detail, performance can also be reflected through efficiency, growth, employment, professional prestige, personnel's welfare, as well as the pride of the group.

In *sharia* enterprise theory (Triyuwono, 2006), argued that mankind function as *khalifa fil ard* who should fulfill his duty according to the trusteeship given i.e. to manage the earth in a responsible manner. Islamic concept of *sharia* enterprise theory emphasizes that within our property includes in it the rights of others as in At-Taubah (9:60), .....*The alms are only for the poor and the needy, and those who collect them, and those whose hearts are to be reconciled, and to free the captives and the debtors, and for the cause of Allah, and (for) the wayfarer; a duty imposed by Allah. Allah is Knower, Wise.*

Islamic enterprise theory includes indirect participant in the distribution of added value. Indirect participant is comprised of *mustahiq* community (alms, *infaq*, and *shadaqah* recipients) and the natural environment. Islamic corporate performance measurement will be accurate if measured by taking into account broader interests actualized in alms, *infaq* and *shadaqah* payment. Along with the concept presented by Triyuwono (2006) about the need to include indirect participant, the corporate performance is not merely measured by the ability to earn profit, but rather on the ability to create added value to the community (stakeholders).

## **RESEARCH METHODOLOGY**

### **Types of Research**

In general, there are three social research objectives i.e. exploratory research, descriptive research dan causal research (Sekaran, 2003). This research is a descriptive study for it is conducted to explain the research variables (Islamic corporate environmental management, Islamic environmental performance, and Islamic corporate performance). Qualitative method is used in this research, and data gets from deep interview with corporate manager especially on production manager.

### **Population and Sample**

This research is use qualitative research, and use 25 participant as a operational manager of manufacturing industries at Central Java Province. The participant location at four regency, Kudus, Semarang, Jepara, and Pekalongan. We choose operational managers because we hope that they can give complete information about environmental problems at their corporation. Considering several aspects below, this study of environmental management, respondents included are heads of corporations or mid-level managers: (1) Production manager are the executor of many management policies. (2) Production manager has the right position relates to his relationship between top management and operational staffs, enables him to understand the organization's performance related to Islamic corporate environmental management, Islamic environmental performance, Islamic corporate performance.

### **Research Variables**

Variables of this research consist Islamic Corporate Environmental Management, Islamic Environmental Performance, and Islamic Corporate Performance. To simplify the analysis process, research variables firstly need to be operationally defined. There are three variable for this study. The first is Islamic Corporate Environmental Management is an activity to plan, implement, and supervise the corporate environment in order to achieve harmony and balance of the corporate environmental sustainability based on Islamic values. The second is Islamic Environmental Performance; is an achievement in creating industries's effort to develop environmental sustainability based on Islamic values. The third is Islamic Corporate Performance; is its achievement which is measured in the form of work result and corporate responsibility towards its environment based on Islamic values. The instrument used in this research is a questionnaire addressed to selected respondents. Respondents in this research are the head of the companies based on the assumption that they understand and directly involved in the environmental management issues. Questions that must be answered by respondents deal with particular things he knows. After the questionnaire is filled, analysis is conducted.

## **RESULT AND ANALYSIS**

### **Islamic Corporate Environmental Management**

Based on the respondents' answers to the variable of Islamic corporate environmental management, it is found that on average the respondents' answers ranged from 1.95 to 3.42. These findings indicate that Islamic corporate environmental management comprises three dimensions, i.e. environmental initiatives, employee involvement, or integration with suppliers is still not optimally implemented in the garment industries in central Java.

Table 1  
MEAN RATE OF RESEARCH VARIABLES

Variable	Mean Rate
Islamic Corporate Environmental Management	2,41
Islamic Environmental Performance	2,81
Islamic Corporate Performance	2,58

Source: modified primary data of 2016

On its relation to indicators of environmental initiatives, there has been no systematic effort dealing with the acquisition of environment friendly raw materials, reduction in activities generating pollution and waste, and the application of clean technologies. However, on the



second indicator, i.e. activities reduction that may cause pollution or waste, garment industry in Central Java has a better handling than any other indicator.

Meanwhile in employee's involvement indicators, garment industries in Central Java has still not fully involved or empowered employees to take responsibility on the corporate environmental quality. This statement is supported by the findings of the four indicators of the involvement of employees whose value is below average, i.e. indicators of employee involvement, employee training, employee task clarity, and standards of employee involvement. The mean rate of respondents' answers on the indicators of employee training and employee involvement standards is very low. This indicates that the involvement of employees in the industries's environmental awareness is not yet supported by adequate training. In addition, the overall garment industries in central Java also has not created a standard measure of employee involvement. However, clarity on indicators of employee tasks to increase environmental awareness has been going well.

The involvement of suppliers is an important measure in Islamic corporate environmental management. The findings indicate that in general the value of supplier integration indicators are still below average, meaning that the garment factories' efforts in Central Java in improving corporate environmental management is not yet supported by Islamic involvement of the industries supplier. This finding is supported by the average respondent's answer to the first and second indicator, i.e. supplier selection under the environmental criteria and pushing suppliers whose concern to the environmental mean rate is very low (1.98 and 1.95). The low mean rate of both indicators show that an effort of managing the environment by garment industry in Central Java has not completely involved suppliers since economic consideration always comes first, supplier selection based on the environment friendly criteria has not been determined, and the importance of a cleaner production has not been informed. However, it is revealed that the highest mean rate is the fourth indicator, i.e. the necessity to inform a cleaner production (mean = 2.42), it can be inferred that on its relationship with suppliers, garment industries in central Java has been trying to inform the importance of cleaner production for the sake of corporation sustainability.

### **Islamic Environmental Performance**

Research results reveals that the mean rate of Islamic environmental performance variable is below the median, which means that based on the perception of the respondents, the performance of Islamic environment in garment industries in Central Java is not good enough. Two indicators that with a very low mean rate are waste reduction of the past year can not be executed by garment industries in central Java. The absence of waste reduction in the form of textile leftover in garment industry in Central Java indicates that the management has not used the new methods to reduce production waste. On energy consumption indicator, it is revealed that there is no applicable method or suitable way to reduce energy consumption in production activities in the industries.

Meanwhile, a better mean rate is shown on the indicators of the reduction of activity not resulting in the change of public complaint received. It means that although the two indicators have not been at the maximum, both have already provided contribution to the environmental performance in garment factory. Industrial textile leftover has been well managed so far such as utilizes the use of industrial waste into household products, such as: rugs, thread, and seat cushion.

### **Islamic Corporate Performance**

The mean rate of the corporate performance indicators range is below form the variable mean rate. These findings indicate that the level of industries performance is below the Islamic standard defined by the management. Meanwhile, although considered below average, the other two indicators, i.e. supporting local community activities show a fairly high mean rate. These findings indicate that on average the level of profits achieved by the garment industries is relatively high. The provision of social facilities for the benefit of the community still has not thoroughly carried out by the garment factory, which means that the industries has not emphasized the importance of community as a considerable part of the industries. Besides, the findings are supported by the fact that the industries's role in promoting various local community activities as a form of social responsibility the industries has not developed to the maximum.

There is an indicator with mean rate above 3.5, i.e. corporation payment of alms. This finding indicates that the corporate orientation in relation to public and the poor's needs is relatively high, considering the high mean rate of respondent's answer on Islamic corporate performance variables as an indicator to support various local community activities and alms payment.

## **DISCUSSION**

### **Qualitative Analysis Results**

Qualitative analysis is an analysis used to answer and discuss the goals of the research. The analyze focus on whether mankind's function as the Caliph on earth, as in the Sura Al-Baqarah verse 30, has been implemented by the management of the garment industries in Central Java Province. Human obligation as a caliph is to preserve the environment known (*al bi'ah riayatu*) which means environment preservation. Mankind as Allah's creations is distinguished from all elements of the environment for their mind and spiritual capacity, so that man can perform his duties as the representative of Allah on earth as well as carry out the trusteeship. Mankind has a very important role in the environment preservation. Humans are required to perform well interaction according to Allah's law i.e. implementing and applying the law in reality. Mankind's role in preserving the environment is a very noble role. First, as been stated in Ad Dzariyat verse 56 ..... *I have only created jinns and men, that they may serve Me*, the implication is that mankind's role is to serve God. Second, as a caliph on earth (al Baqara; 30) ..... *Behold thy Lord said to the angels: "I will create a vicegerent on earth."* Third, to build a civilization on Earth as in sura Hud verse 61..... *It is He Who hath produced you from the earth and settled you therein.*

However, in reality, environmental management applied to the garment industry has not been able to describe the optimal result. Islamic environmental management which is divided into three dimensions (i.e. environmental initiatives, employee involvement, and supplier integration). Environmental initiatives dimension as an initial effort in realizing an environmentally friendly production process has not yet been supported by the provision an environmentally friendly raw material. Garment industries also indicated an absence of serious efforts in production activities that can reduce waste and the lack of the use of clean technology as a method to reduce waste production. In the employee engagement dimension, it appears that the role of employees has not been optimal in relation to the creation of a good corporate environment. Study results indicate that the employee has not been involved in training activities related to environmental quality improvement efforts. Likewise, companies generally do not have an employee involvement standard in the environmental field. Meanwhile, on the supplier integration dimension, corporate selection of raw materials supplier

has not followed the suppliers who provide environmentally friendly raw materials, so it can be concluded that the supplier selection has not considered environmental preservation factors.

From the Islamic point of view, human life is not separated from the ecosystem, yet integrated though. Environmental problem is not simply a problem of waste, pollution, forest devastation and nature preservation, but as a part of the point of view itself. As a consequence, man is the caretaker of Allah's trusteeship to preserve, maintain, and develop the nature for the sake of humanity. This means that mankind is responsible for the preservation of the environment and the ecosystem balance in such a way that has been created by Allah. Became caliph on earth is a trust given by Allah to mankind in relation to human capabilities to be caliph. Findings in research related to Islamic corporate environment management indicating that in general, Islamic mankind's function as a caliph has not been conducted properly and systematically, especially by business agent in the garment industries in Central Java Province.

1. To analyze whether Allah's command to mankind to not conduct confusion to the environment, as stated in Sura al-A'raaf (7:56) has been implemented by the management at the garment industries in Central Java Province. Not doing damage to the environment (*himayah*) relates to maintaining the negative things and extinction, which means protecting the environment from damage, danger, and pollution. From the positive side and its existence, environment preservation is efforts to develop, improve and preserve the environment. While from the negative side and its absence, it requires maintenance of every damaging, polluting and dangerous things. Destruction done by mankind is a reflection of the axiom of human greed to its environment and his low faith levels. The destruction impact does not only affect human being but also other creatures, and even the entire things on earth. Mankind as Allah's creation is given the task to be the caliph of God on earth with his main duty to nurture the world. This includes: *Al-Intifa*: taking advantage and utilizing the best, *Al-I'tibar*: take heed to them.
2. The effort of environmental preservation should be understood as a religious commandment that must be carried out by mankind altogether. Every good and right effort of environmental management and conservation is a religious service deserving Allah's reward. On the contrary, every destructive action that brings about ecological damage, natural resources waste, and neglect to Allah's creation will bring Allah's wrath for they are considered as wickedness which is threatened by punishment.

Based on the description of Islamic corporate environmental management and Islamic environmental performance, it can be inferred that Allah's commandment to mankind in order not to destruct the environment, as stated in Sura al-A'raaf (7:56) has not been optimally performed. This conclusion is supported by a research showing that some industries are lacking of efforts to reduce solid waste resulted from the production process and new methods aimed at reducing energy consumption.

2. To analyze whether Allah's commandment to mankind to find happiness in the world and the hereafter, as stated in Sura al-Qashash (28:77) has been implemented by the management at the garment industries in Central Java Province.

From the Islamic point of view, one's religious performance can be assessed from several indicators, i.e. he works for Allah, he applies the rules / norms / *Shariah* in *kaffah*, his spiritual motivation is to seek Allah's blessings in the world and the Hereafter, he applies the principles of efficiency and benefits while maintaining the continuity of life, the balance between the search of property as well as his religious practices, he is not being

consumptive as a mean of gratitude to Allah, he pays alms, and sympathize the orphans and the needy (Zadjuli, 2007).

Islam considers that welfare is comprehensive because welfare in Islam aims to achieve the welfare of mankind as a whole while the economic well-being is only partial. Anto (2003) states that welfare in Islam is; (1) a balanced holistic welfare including material and spiritual dimensions. It and comprises both individual and social aspects. Human figures consist of physical and mental so happiness should be a balance between the two. Although mankind has an individual dimension, still he cannot be separated from his social environment. Man will feel happy if there is a balance among themselves within their social environment, also a balance of welfare in this world and the Hereafter, because men do not only live in the world but also in the hereafter. If the ideal cannot be achieved then the prosperity in the afterlife should be the main focus since the afterlife is the life which in all respects is more valuable.

### **Kasyf Analysis Result**

Kasyf analysis is meant to examine some of the findings in the research related to normative values in the Quran and Hadist, and provide a more comprehensive and profound assessment related to environmental management from the Islamic point of view.

Environmental management is closely related to human concept of divinity. Hope and Young (1994) argue that monotheism is a key to understand environmental problems. Divinity is an acknowledgment to Allah that He is the creator of the universe as in sura Al An'am verse 79 ... Lo! I have turned my face toward Him Who created the heavens and the earth, as one by nature upright, and I am not of the idolaters. Alim (2006) relates environmental issues with the level of one's faith. Environmental destruction is a reflection of the decline in levels of human faith. Rasulullah SAW and his companions have provided a model for environmental management which refers to the divinity and faith. The direct impact of faithless science is environmental destruction. Alim (2006) stated that environmental damage is a result of employers' greed axiom as a principle in the industries management. Practices of greed axiom are one of the causes of exploitation of natural resources that ultimately will result in the environmental damage. Greed is the axiomatic based on the more the better principle. Environmental issues have not been seriously managed as an integral part of Islamic da'wah. This statement is supported by Yafie (2006) stating that Islamic perception believes that religion is not in contend with science and technology for their unsecular characteristic. In fact, religious values are always be the soul of science and technology. From islamic point of view, human being's live is inseperable from his ecosystem. Indeed, both are integrated.

Maintenance, preservation and environmental development are recognized as part of the five main components (Qaradhawi, 2002), i.e. (1) preserving the environment is the same as by preserving religion (*hifdh ad-din*). (2) Preserving the environment is the same as maintaining the soul (*hifdh al-nafs*). (3) Preserving the environment is the same as preserving a descent (*hifdh al-NASB*). (4) Preserving the environment is the same as preserving the mind (*hifdh al-aql*), and (5) Preserving the environment is the same as preserving the property (*hifdh al-mall*).

Maintenance of the environment can also be perceived from the perspective of *Ushuluddin*, Ethics, and *Fiqh* (Qaradhawi, 2002). *Ushuluddin*, in the perspective of environmental conservation, is closely linked to environmental problems and maintenance of all creature elements, including the living or the dead, with or without senses. Human beings have an important role in the maintenance of the environment after for they are able to carry

out Allah's trusteeship (Sura Al-Ahzab: 72). Environmental preservation in the perspective of Ethics sees Islam which ordered mankind to serves God and others. This is a corridor trough which mankind will always be Allah, as well as a mean to interact wit human beings. For a *mukallaf* these demands must be carried all times to the environment and natural surroundings. In a hadith of 'Umar ibn Khatab narrated by Muslim: Ihsan is when you worship God as if you see Him, for even if you can not see Him, surely He sees you. Environmental Preservation in perspective of Fiqh relates fiqh with Environmental Preservation. Preservation and protection from all harmful and damaging things is set in a comprehensible regulation. Fiqh is the science that controls human relationships with God, himself, family and his community, and with the natural surroundings. In accordance with Shari'a laws they are known as: obligatory, *sunna*, forbidden, *Makruh*, and permissible. The relationship between Fiqh and the environment is not only limited to the jurisdiction, but also closely linked to its capacity as the basis for the establishment of universal law. The principle of fiqh related to the environment is *Ladharara dhirar wa la dhihar*, which means not dangerous and not endangers (Hadith Nabawi).

## CONCLUSION

Environment performance is much influenced by the way the companies apply *Environment Management System* (EMS) through the roles of departments which are involved directly in the achievement of the objectives. The roles played by the departments are related to efforts to adopt rules and regulations in favor of environmental protection, reducing customer complaints and pollution, increasing production efficiency, energy efficiency, cost efficiency, nature resource conservation. Allah does forbids people from doing damages, as stipulated on QS al-Qashash (28: 77), “..... and neglect not thy portion of the world, and be thou kind even as Allah hath been kind to thee, and seek not corruption in the earth; lo! Allah loveth not corrupters”. The prohibition form doing damages in this study refers to not managing waste well, which then may pose problems for the community living around the industries.

A good environmental management by complying with the existing regulations, and applying moral values as *centre of value* will produce a little waste of production. The decreasing amount of waste produced will improve on the creation of sustainable environment. For that purpose, the improvement of discipline of employees is important because it has a very important role in the effort of minimizing the the waste, which will later improve the Islamic performance of the industries. The first dimension, the environment initiative which has dominant indicators in influencing the Islamic performance, is activities conducted by companies which do not produce waste, and the use of clean technology in production process. Concerning the industries performance, in the Islamic concept, industries's performance does not only focus on stakeholders, but also on indirect participant as groups that have the rights on what are produced by the industries, as stipulated on QS at-Taubah (9:60). The performance indicators of Islamic industries must consider wider interests which are actualized in the forms of the payments of *zakat*, *infaq* and *shadaqah*. Islam teaches that men are the caliphs of Allah, and work is a self actualization with the value of devotion. Every Moslem when he works or does trades must try to obtain multiple profit, material and immaterial, for the life in the world and the hereafter. Islam sees industrial activities as closely related to work results as mentioned on the Hadits of the Prophet Muhammad: “None is better for a men than eating from his / her own hands”.

## RECOMMENDATION

Based on findings and conclusions, some recommendations are offered. They are as follows:

- Environment is Allah's creation, so it is also a creature which is mandated (by Allah) to human being to preserve, conserve and protect. Natural resources are not things that can be transacted and exploited for the purpose of material advantages. The balance of living on earth must be created perfectly. Allah has created the environment perfectly in which each connects and depends to one another in life chains.
- People's awareness and participation in conservation, preservation and protection of environment needs improving because these are integral parts of Islamic teachings. People's awareness and participation can be applied as early as possible by introducing environmental issues through formal education (basic education to universities), non formal educations (as in *pesantren*, *Ma'jalis Ta'lim* and Religious Congregation)
- It is necessary that the government, business persons, and companies make a change in its view on the environment. The role of government needs improving by creating and enforcing regulations on environment to create benefits for the environment –friendly development
- Realizing that environmental management especially the one in manufacturing industries in Central Java, the improvement of relationship and cooperation among scientists and religious leaders are necessary in order them to work together to uphold the mandate of Allah on Earth. One form of the cooperation can be the form of training for industrial players to improve their understanding about environment.
- On the scope of manufacturing industries in Central Java, improving environment performance needs to begin with the initiative to improve the environment, by involving all employees, and by involving suppliers as they always get along with the industries.

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