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"Entrepreneurship on Global Economics Development in the Era of Society 5.0"

Corporate Social Responsibility: an Analysis of Sharia Enterprise Theory in Islamic Banking**Edi Suyuti¹, Muchriana Muchran¹, Idrawahyuni¹**¹Universitas Muhammadiyah Makassar, Indonesia

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*Email: it@unismuh.ac.id**ABSTRACT**

The type of research conducted in this study is descriptive research with a qualitative approach. A type of descriptive research is research that seeks to present facts objectively according to the conditions found while conducting research. The location of this study was conducted in the city of Makassar, precisely at PT. Bank Syariah Indonesia KCP University of Muhammadiyah Makassar. The purpose of this study is to analyze the disclosure of Corporate Social Responsibility of PT. Bank Syariah Indonesia from the point of view of Sharia Enterprise Theory using content analysis techniques. The results of this study show that PT. Bank Syariah Indonesia has generally implemented the five sub-items in Sharia Enterprise Theory, but there is still very little on horizontal accountability to customers and horizontal accountability to nature, namely 81.25% and 37.5%, respectively. As for the other three disclosure items, it is 100% each.

Keywords : Corporate Social Responsibility, Analysis of Sharia

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INTRODUCTION

Corporate social responsibility (CSR) is an investment for companies for the sake of company growth and sustainability and is no longer seen as a means of cost but as a means of making a profit. CSR programs are the company's commitment to support the creation of sustainable development. According to the CSR concept, a company in carrying out its activities and decision making is not only based on financial factors but must also be based on social and environmental consequences for now and in the future. Especially in order to achieve the main objectives of the company (Chandra, 2010).

Corporate social responsibility (CSR) is the obligation a business has to society (CSR). Reaction (response) and capability are the components of the word responsibility (ability). Stephen R. Covey asserts that this is the situation. Ishmael in 2006 (Ishmael). But O.C. Ferrell, G. Hirt, and Linda Ferrell emphasized that entrepreneurs have a duty to promote beneficial social benefits and mitigate negative impacts (Amran dkk, 2017).

A corporation may or may not disclose its CSR activities (CSR Disclosure-CSR D) for a variety of reasons (Belal, 2008). Belal (2008) contends that political economy theory, legitimacy theory, and stakeholder theory may all be used to account for these factors. Legitimacy theory and stakeholder theory are subsets of political economy theory, according to Deegan et al (2000). Hadi (2011) claims that legitimacy is a psychological state of agreement with individuals and groups of individuals who are extremely sensitive to the signs of the immediate environment, both physical and non-physical. A business management approach called legitimacy is focused on siding with the public, the government, and community organizations.

All parties, internal and external, who have a relationship with the firm and are either impacted by it directly or indirectly—those parties are considered stakeholders. Therefore, stakeholders are internal and external parties that have a significant direct or indirect impact on actions and policies. Examples include the government, rival corporations, nearby communities, environmental monitoring organizations, employees of the firm, minorities, and so forth. taken and executed by the business. Deegan (2003) asserts that Political Economy Theory can raise the level. The study of a researcher taking into account more general socio-political factors that will have an impact on how businesses function and what information they decide to reveal.

Corporate CSR disclosure (Diniati, 2014) is a method of reaching out to stakeholders, according to stakeholder theory. The conclusion is that businesses are willing to engage in CSR because doing so is a responsibility they have to their stakeholders. If put into practice, this idea will motivate businesses to engage in CSR. This is intended so that through the implementation of CSR, the needs of stakeholders can be fulfilled so that a positive relationship occurs between the business and its stakeholders. A successful partnership will enable a business to achieve sustainability or sustainability. Stakeholder theory, according to Gray et al. (1997), focused on how organizations manage their stakeholders. According to Ullman (1985), the type of strategy used by companies affects the power of stakeholders (Prado dkk, 2009).

Disclosure or reporting in business is a result of operations that have been carried out. This also applies to CSR initiatives. Companies must fully disclose all CSR activities in their annual reports and other publications, such as the company's website. This type of reporting is known as CSR Disclosure (CSR D). CSR reporting includes, according to Barako and Brown (2008) and the Center for Corporate Governance (CCG) (2005), “Specifically disclosing the nature of corporate social responsibility and corporate citizenship activities,

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environmental, occupational health and safety, and workforce management policies and practices. work, and whether the company has a code of conduct, and the general level of compliance with this code."

CSR reporting is described as "communication designed and distributed by the company itself about its CSR efforts" by Morsing (2006). Based on the definition of CSR above, it can be concluded that CSR refers to the company's communication with stakeholders regarding its CSR activities.

"And remember when your Lord said to the angel, "I will create a caliph on the face of the earth". The angel replied, "Do you want to create a man who will corrupt and shed blood in it, whereas we always praise and raise Your name", God said, "Verily I know better what you do not know" (QS. Al Baqarah:30).

It is man's duty to always raise, and care for the earth, according to His words in the Qur'an. It is these duties and functions that then encourage humans to carry out every activity, including the company's business activities to continue to consider the mandate of environmental sustainability as a mandate entrusted to humans to be maintained.

Yusuf Wibisono (2007) classifies the company's perspective on the implementation of social responsibility into three perceptions. First, companies carry out social responsibility out of lip service and compulsion. In this case the company carries out more social responsibility because it complies with existing regulatory recommendations, as well as external pressure (externally driven). Meanwhile, the company carries out the responsibility to build a positive image, so that social responsibility is short term, charitable and incidental. A real example is the implementation of assistance during natural disasters, intended to increase sympathy for companies. These activities did not reach the point of encouraging the strengthening of post-disaster community life.

Second, corporate social responsibility is carried out in order to fulfill obligations (compliance). In this case, social responsibility is carried out on the basis of regulatory recommendations that must be obeyed. Such as Law No. 40 of 2007 concerning limited liability companies, Minister of BUMN Decree No. KEP04/MBU/2007 concerning the Partnership Program for State-Owned Enterprises with Small Businesses and the Community Development Program, Stock Exchange Commission regulations, and the like. A real example is that a state-owned company must set aside up to 2% of net profit for the Partnership and Community Development Program.

Third, companies carry out social responsibility not just compliance but beyond compliance. Here, social responsibility is positioned as part of the company's operational activities. Social responsibility grows internally (internally driven). An open attitude in viewing social responsibility has entered in various domains. Corporate responsibility is not only measured from an economic measurement, but also as an effort to comply with laws and regulations, and responsibility to society and the environment.

On February 1, 2021, which coincides with 19 Jumadil Akhir 1442 H, Bank Syariah Indonesia was born, which became a historical marker in Indonesia which succeeded in uniting three state-owned banks including BNI Syariah bank, Bank Syariah Mandiri and BRI Syariah. The Merger of the Three State-Owned Banks aims to unite the advantages possessed by the three banks so as to present a complete service, have a wider reach and have better capacity in the field of capital (BSI, 2021).

PT. Bank Syariah Indonesia as a sharia institution that always prioritizes sharia principles must be a role model for all sharia institutions in Indonesia, especially in the

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banking sector. According to Iwan Triyuwono, in reporting its social responsibility, banks are not only responsible to certain stakeholders, but must account for their business activities to these five sectors known in the discourse of Shariah Enterprise Theory. Namely vertical accountability to God, horizontal accountability to employees, customers, the wider community, and nature (Triyuwono, 2006).

The most appropriate theory for expressing corporate social responsibility, in this case Islamic banks, is the Shariah Enterprise Theory (SET). The concept of Sharia Enterprise Theory (Meutia, 2010) is a theory that shows that companies function as social institutions that have broad and complex economic influences. Where in the presentation of financial information must pay attention to parties outside the company.

According to Triyuwono (2006), the fundamental principle of Shariah enterprise theory is to give Allah the vertical form of submission before applying the horizontal form of submission to the rest of humanity and the natural world. Transcendental and teleological characteristics are included in the responsibility business thesis. According to the Shariah Enterprise Theory, all stakeholders, acting in the capacity of Allah's khalifah, are given the blessing to divide up the day's earnings equally among all of the makhluk in the present in an orderly manner.

METHOD

This research approach uses qualitative descriptive research using content analysis techniques. A type of descriptive research is research that seeks to present facts objectively according to the conditions found while conducting research. In this study, analyze the responsibilities of PT. Bank Syariah Indonesia and seeing its compatibility with Shariah Enterprise Theory, then conducted a CSR assessment based on its suitability with SET.

Table 1. CSR Disclosure of Sharia Enterprise Theory

No	Information	Shoes
1.	Vertical accountability (Lord)	
	a. Sharia Supervisory Board Opinion	1
	b. Disclosing fatwas and operational aspects that are adhered to and not complied with1	1
2.	Horizontal accountability (<i>direct stakeholders</i>): customers	
	a. Qualifications and experience of sharia supervisory board (DPS) members	1
	b. Activities carried out by DPS members	1
	c. Remuneration for DPS members	1
	d. Whether or not there are transactions/sources of income/fees that are not in accordance with sharia	1
	e. Number of transactions that are not in accordance with sharia	1
	f. Reasons for the transaction	1
	g. Product Information and the underlying Shariah Concept	1
	h. Zakat and qardhul hasan fund report	1
	i. Audit of zakat and qardhul hasan fund reports	1
	j. Explanation of the source and use of zakat funds	1
	k. Explanation of the source and use of qardhul hasan funds	1
	l. Explaining the recipients of qardhul hasan funds	1
	m. Policies/efforts to reduce non-sharia transactions in the future	1
	n. Amount of financing under PLS (<i>Profit and Loss Sharing</i>) scheme	1

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	o. Percentage of PLS financing compared to other financing	1
	p. Policies/efforts to increase the portion of PLS in the future	1
3.	Horizontal accountability (<i>direct stakeholders</i>): employees	
	a. Wage and remuneration policy	1
	b. Disclosing non-discrimination policies applied to employees in terms of wages, training, career improvement opportunities	1
	c. Providing training and education to employees	1
	d. Data on the number of employees by gender, occupation and education including contract workers	1
	e. The abundance of training and education provided to employees	1
	f. Rewards to employees	1
	g. Is there any training related to improving the spiritual qualities of employees	1
	h. Attempts to improve the spiritual qualities of the employee's family	1
	i. Availability of health services for employees Availability of health services for employees	1
	j. Other facilities provided to employees and families such as scholarships and special financing.	1
4.	Horizontal accountability (<i>indirect stakeholders</i>)	
	a. Initiatives taken to increase wider public access to financial services of Islamic banks	1
	b. Financing policies that take into account issues of discrimination and human rights	1
	c. Financing policies that take into account the interests of many communities	1
	d. Efforts made to encourage MSMEs	1
	e. The amount of financing provided to MSMEs	1
	f. Contributions made to improve the quality of life of the community in the fields of religion, education, and health	1
	g. The amount of contributions made and their source	1
	h. Donations/alms to help communities affected by disasters	1
5.	Horizontal Accountability1(<i>indirect Stakeholders</i>) : Nature	
	a. Financing policies that take into account environmental issues such as energy saving, forest destruction, water and air pollution	1
	b. Disclosing if there is financing provided to businesses that have the potential to damage the environment such as plantations, forestry and mining	1
	c. The amount of financing to businesses that have the potential to damage the environment such as plantations, forestry and mining	1
	d. Reasons for making such financing	1
	e. Increase environmental awareness in employees with training, lectures and similar programs	1
	f. Internal bank policies that support energy-saving and conservation programs	1
	g. Contribution to organizations that benefit the preservation of the environment	1
	h. Direct contribution to the environment (planting trees etc.)	1

Source: Meutia (2010: 243-249).

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To find out how much the SET disclosure rate is on each SET item, it is calculated with the following formula:

$$\text{SET} = \frac{\text{Number of point Disclosed}}{\text{Maximum Points}} \times 100\%$$

After that, I give the title of CSR. After the SET value is known on each item, the predicate of the level of disclosure of PT. Bank Syariah Indonesia. In the assessment of the level of disclosure of social performance of PT. Bank Syariah Indonesia, the author uses the approach used by Gustani, where the disclosure score is classified in 4 categories: Very Informative (81-100), quite Informative (66-<81), Less informative (51-<66) and uninformative (0<51).

Disclosure of CSR implementation based on SET at PT. Bank Syariah Indonesia based on the approach used by Gustani has a predicate for vertical accountability is very informative, horizontal accountability to customers is very informative, horizontal accountability to employees is very informative, horizontal accountability to the wider community is very informative and horizontal accountability to nature is not informative. In general, the implementation of CSR based on SET carried out by PT. Bank Syariah Indonesia is already fairly informative. It's just that for some disclosure items, it is still necessary to pay more attention to it, especially in nature. (Rambey, 2017).

RESULT AND DISCUSSION

The results of calculating the SET index on PT. Bank Syariah Indonesia. the calculation is performed on each dimension of the SET disclosure item. The dimensions in question are vertical accountability to God and horizontal accountability to *direct* stakeholders, namely customers and employees, indirect stakeholders and *indirect stakeholders* to nature.

Table 2. CSR Disclosure of PT. Bank Syariah Indonesia based on SET.

Disclosure Items	Presented
Vertical Accountability	100%
Horizontal Accountability: Customer (Direct Stakeholders)	81,25%
Horizontal Accountability: Employees (Direct Stakeholders)	100%
Horizontal Accountability Indirect Stakeholders	100%
Horizontal Accountability: Nature	37,5%

DISCUSSION

Corporate Social Responsibility is a business commitment to support sustainable economic development by collaborating with employees, their families, the local community, and the wider community to improve people's quality of life, according to the World Business Council for Sustainable Development (2008) (Kusmiati et al., 2021). And Juniadi (2015) said that according to AAOIFI, corporate social responsibility is any action taken by Islamic financial institutions to fulfill their religious, economic, legal, ethical and discretionary obligations as intermediary financial institutions for both people and institutions. In general, the implementation of Corporate Social Responsibility based on Shariah Enterprice Theory at PT. Bank Syariah Indonesia is appropriate, but the concern

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should be more related to horizontal accountability to nature. The reporting of the activity program is also very clear and transparent.

Based on the results of the study, it shows that PT. Bank Syariah Indonesia based on Shariah Enterprice Theory there are several, namely: Program for distributing funds for mosque construction assistance in Muallaf Pinrang village, training provided to employees, either in the form of spiritual quality improvement programs, or education, assistance in overcoming the Covid-19 pandemic, spiritual activities with BSMU (Bangun Sejahtera Mitra Umat), Green Campaign and Efficiency, assistance to MSMEs, energy use efficiency, paper use efficiency, water use efficiency, emission use, waste management, environmental conservation, use of environmentally friendly al materials, zakat fund management and appropriate distribution of donations.

Easy access to information and banking service networks have been provided by the Bank, including:

- a) Through the Internet Site with the address of the webpage: www.bankbsi.co.id
- b) Social networks: facebook, twitter
- c) BSI Call 14040
- d) AISYAH Chatbot (BSI Interactive Assistant)
- e) Ease of mobile banking and internet banking facilities as well as the existence of branch offices and Bank ATMs (BSI, 2021).

In terms of performance, then PT. Bank Syariah Indonesia KCP Unismuh Makassar ensures employee comfort by always providing monthly rewards for exemplary employees. In addition, PT. Bank Syariah Indonesia is not spared related to improving the education and spirituality of the employees' families, so in this case PT. Bank Syariah Indonesia distributes scholarships and also monthly carries out joint recitations by inviting ustadz / ah who will provide the recitation.

Efforts to increase access to the wider community, PT. Bank Syariah Indonesia always promotes directly or through social media, in this case also PT. In an effort to increase awareness to the environment, always appeal to employees to bring their own masinh tumblers, reduce waste, plastic, minimize the use of HVS paper, and always clean the office environment. This can be found by customers or anyone who visits PT. Bank Syariah Indonesia. In accordance with the command of Allah Almighty in surah Al A'raf verse 56 which means:

"And do not make mischief on the face of the earth, after (God) has repaired it and prayed to Him with fear (will not be accepted) and hope (will be granted). Indeed, the mercy of Allah is very close to those who do good".

This is why PT. Bank Syari'ah Indonesia always maintains the pillars of environmental conservation, as a form of responsibility to the Creator who has given favors and various things contained in the universe for human use, as well as one of the long-term business goals for the bank itself. PT. Bank Syariah Indonesia believes that environmental ethics are well maintained, so the output will also return to the bank's business continuity.

Based on the calculation index of the five sub-sections, which should receive more attention, namely on the dimension of horizontal accountability to nature, the contribution made to the environment is not sustainable. Although the bank's operational activities do not directly cause damage to the environment or nature, bolrh so the bank also contributes indirectly to environmental damage. Namely by financing to businesses that have the potential to damage the environment.

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In Horizontal accountability to customers, there is an aspect that is then not disclosed, namely disclosures related to policies that can reduce non-Islamic transactions in the future. As for Horizontal's accountability to nature, namely Disclosure if there is financing given to businesses that have the potential to damage the environment such as plantations, forestry and mining, then the amount of financing to businesses that have the potential to damage the environment such as plantations, forestry and mining as well as the basis for carrying out such financing, then related to contributions to organizations that provide benefits to environmental conservation, and Direct contribution to the environment.

IMPLICATIONS

According to Triyuwono (2006), the results of this study revealed that PT. Bank Syariah Indonesia has implemented the five items in the Sharia Enterprise Theory principles, and we can also conclude that when a company implements the Sharia Enterprise Theory principles, the implementation of CSR has indirectly been fulfilled, but on the other hand when the implementation of CSR is not necessarily the principles Sharia Enterprise Theory is implemented.

CONCLUSION

Anwar (2019), With the existence of Sharia Enterprise Theory will cause the implementation of social responsibility disclosure to be directed and more focused on Corporate Social Responsibility programs needed by the wider community to be more structured and experience improvements for the better from year to year. So that's why SET is important to apply. The most effective theory for communicating corporate social responsibility, in this case for the Islamic Bank, is the Shariah Enterprise Framework (SET). According to the Sharia Enterprise Theory, the social and economic context for business is extensive and complicated. However, it's crucial to take into account other parties when presenting financial data (Amelia dkk, 2022).

Based on the results of research conducted at PT. Bank Syariah Indonesia, it can be concluded that bank has implemented all five sub-items on the disclosure of Corporate Social Responsibility based on the Shariah Enterprise Theory, but in part the quality of horizontal to nature is still very minimal with a total disclosure score of 37.5%. As for the other disclosures, it goes on the predicate of being very informative. Namely 100% vertical accountability, 100% horizontal accountability to employees, 81.25% horizontal accountability to customers, and horizontal accountability to the wider community 100%.

ACKNOWLEDGEMENT

This research is in line with research conducted by Iin Sakinah Rambey (2017) who conducted a case study at PT. Bank BRI Syariah and PT. Bank Muamalat Indonesia that, "Sharia banks have implemented the five sub-items of Sharia Enterprise Theory namely, vertical accountability to Allah, horizontal accountability to customers, employees, indirect stakeholders, and nature. just haven't completed each of the sub-item dimensions". There is also an interesting finding that the results of Iin Sakinah Rambey's research and the results of this study show a weak predicate in horizontal accountability to nature.

The same is true for research conducted by Kusmiati (2021) that Islamic Bank disclosure of Corporate Social Responsibility (CSR) included Sharia Enterprise Theory (SET) disclosure items, namely vertical and horizontal accountability, consisting of direct and indirect stakeholders (customers and employees) (community and nature).

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