

# Sariah Enterprise Theory as a Pillar of Disclosure of Corporate Social Responsibility (CSR) in Islamic banking (Study at PT. Bank Tabungan Negara Syariah persero Tbk. Makassar, Indonesia)

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**Abstract:-** Corporate Social Duty (CSR) may be a concept that must be connected by Islamic managing an account so that social detiling gets to be important and serves as a source of information for clients of money relate explanations. Saria entity theory is the standard form of Islamic banking social reporting. The purpose of this study is to describe the information presented in the Corporate Social Responsibility Proposal for the Sharia State Savings Bank and to analyze the suitability of this information with the concept of Islamic Company Theory. This research uses a qualitative approach. The object of this research was taken at PT. Bank Tabungan Negara Sariah Makassar. The data analysis technique used descriptive analysis method. The results showed that the disclosure of Corporate Social Responsibility at Bank BTN Sariah is still in character. However, Bank BTN Sariah has done it as a form of company concern for all stakeholders. The concept of CSR in Islam also has a different concept from conventional concepts. The information submitted by Bank BTN Sariah does not match the items conveyed by the Sharia Enterprise Theory concept. Be that as it may, on the off chance that the detailing is combined, there are as it were a number of things that have not been uncovered.

**Keywords:-** Sariah Enterprise Theory, Corporate Social Responsibility, Implementation and Disclosure.

## I. INTRODUCTION

In this present, the business world seems to be profit-oriented by prioritizing the goals of several parties and arbitrary company activities, for example exploiting nature without caring about its bad effects. However, at this time, the company is using its financial capabilities to change its image into an organization that has economic, social and environmental responsibilities such as multinational companies (Unilever, Procter and Gamble, Shell and others) in a sustainability report. One of the efforts made by Indonesian companies today is to carry out Corporate Social Responsibility activities (Kartini, 2013: 27).

At present, the implementation of Corporate Social Responsibility is not just a company effort to pay off social debts caused by its business processes, but an obligation for the company to carry it out. Likewise, disclosure of corporate social responsibility has become a hot topic that is often discussed. According to Sofyani's research results, the performance of a company in Indonesia, especially Islamic banking, in 2010 in Indonesia experienced a significant increase, about 10% from the previous year.

This data confirms the disclosure and implementation of corporate social responsibility as a priority report (Sofyani, 2012). There are several reasons why Corporate Social Responsibility is needed to complement corporate financial reporting in Indonesia. According to Prastowo, that Corporate Social Responsibility is something that must be implemented by a company so that social reporting becomes a necessity to provide information to users of financial reports about the extent to which the company has carried out its social activities. The social report is used by report users to assess the output of the implementation of Corporate Social Responsibility for the welfare of the community (Prastowo and Huda, 2011: 14).

Typically affirmed by the Indonesian Institute of Accountants (IAI) in paragraph nine of the Explanation of Financial Accounting Standards (PSAK) No .01 which implicitly recommends disclosing responsibility for environmental and social issues. It is also emphasized by Law No. 04 of 2007 Article 74, that each company that carries out its commerce activities within the field of and or related to normal assets is obliged to carry out social and natural obligation. If not done, the company will be subject to sanctions in accordance with statutory provisions.

In the context of Corporate Social Responsibility, business people must make a report related to its implementation. That the information is a form of the company's responsibility to stakeholders. According to Baydoun and Willet, the basic objectives of Islamic accounting reports are providing information and accountability. These two goals must be mutually inclusive or inseparable (Baydoun and Willet, 1994).

Sharia Enterprise Theory as explained by Triyuwono is a form of manifestation of human accountability as God's representative on earth (khalifatullah fil ard). The accountability of khalifatullah fil ard, according to Mulawarman, only detects the dimensions of responsibility in terms of creativity (Mulawarman, 2006). Based on the balance principle of Sharia Enterprise Theory, Mulawarman emphasized that the accountability of khalifatullah fil ard also has a partner, namely the dimension of 'Allah' (Triyuwono, 2007).

This research discusses the perspective of Sharia Enterprise Theory more. By using this theory, this research was conducted at Bank BTN Syariah Makassar branch office. Bank BTN is one of the banks that applies sharia principles in Indonesia. Bank BTN shows up and develops as a bank competent of combining trade vision with Islamic values, which underlie its operational activities. The agreement between business idealism and Islamic values is one of the points of Bank BTN in its work in Indonesian managing an account.

Bank BTN Syariah believes that companies can grow and develop with ethical and responsible business practices. Therefore, Bank BTN syariah puts Corporate Social Responsibility activities inside the system of the company's efforts to attain long-term supportability.

## II. LITERATURE REVIEW

### A. Sharia Enterprise Theory

Sharia Enterprise Theory is developed based on the metaphor of *zakat* characterized by balance. Starting from the metaphor of *amanah* as a metaphor for seeing, understanding and creating trade has been communicated within the rummge around for a more humanist, emancipatory, transcendental and teleological form of organization. This Allegory gives principal implications for management and accounting concepts (Triyuwono, 2006: 346).

The concrete form of this metaphor in business organizations is the reality of the organization metaphorized by *zakat* (*zakat* metaphorised organizational reality). This metaphor holds that profit-oriented or stockholders-oriented is not the right orientation for sharia-based companies, but instead uses a concept oriented to *zakat* (*zakat* oriented), natural conservation (natural environment) and stakeholders (Triyuwono, 1997: 25).

Profit-oriented business entities and stockholders are the implications of using entity theory, while business entities that use *zakat*-oriented are incompatible using entity theory. Entity theory has individual values and profit oriented, while the metaphor of *zakat* has different characters. The metaphor of *zakat* is more social and oriented towards *zakat*.

A few conciders have been carried out within the field of sariah accounting at both conceptual and practical levels. One view was conveyed by Adnan and Triyuwono, who in

essence recommend enterprise theory as a theoretical concept of Islamic accounting. Implicitly, Triyuwono stated: Islamic accounting is not only a form of management accountability to the company owner (stockholders), but also as an accountability to stakeholders and God (Triyuwono, 2000a: 24)

Referring to this opinion, the theoretical concept that is able to provide the basis for the formation of accounting principles and techniques that results in the form of accountability and information needed by stakeholders is enterprise theory. In Sharia Enterprise Theory, it is explained that the most important axiom that must be the basis in every determination of its meaning is Allah as the creator and sole owner of all the resources in this world. So what applies in Sharia Enterprise Theory is God as the source.

The main mandate while the resources owned by the stakeholders are in principle a mandate from Allah in which there is a responsibility attached to use it in the manner and purpose set by Allah. In the al-Quran surah al-Baqarah: 254 and 267, an-Nur: 56, al-Baqarah: 215 and al-Baqarah: 273, these verses have important implications in determining the concepts in the Sharia Enterprise Theory. These concepts have been previously described, including the concepts of zakat, justice, masalah, responsibility and falah in accordance with the characteristics of Islamic accounting formulated by Triyuwono (Triyuwono, 2000a: 19).

### B. The concept of disclosure of Corporate Social Responsibility according to Sharia Enterprise Theory

Sharia Enterprise Theory which presents a value-added statement as a sharia-based entity financial report. The report provides information about the added value that the company has successfully created and the distribution of added value to those entitled to receive it. Whereas the form of financial reports like this can be a basic form of reporting on Corporate Social Responsibility in Islamic banking (Triyuwono, 2006: 354).

Sharia Enterprise Theory also proposes several concepts related to disclosure of a company's social responsibility, especially Islamic banking. According to Meutia, these concepts are as follows (Meutia, 2010: 239): first, The disclosure of social responsibility is a form of human accountability to Allah and is therefore aimed at getting the pleasure (legitimacy) of Allah as the main goal. Second is Disclosure of social responsibility must have the objective of providing information to all stakeholders (direct, indirect and natural) regarding the extent to which the institution has fulfilled its obligations to all of them.

### C. Corporate Social Responsibility

Corporate Social Responsibility is a concept that has become popular, that many experts, practitioners and researchers give their respective definitions of social responsibility. According to Elkington in his book *Cannibals With Work: The Triple Bottom Line in 21st Century Business*, a good business is one that not only pursues profit, but also pays attention to the environment (planet) and the

prosperity of society (people) (Prastowo and Huda , 2011: 27).

ISO 26000 defines Corporate Social Responsibility as the responsibility of an organization towards the impacts of its decisions and activities on society and the environment which are manifested in the form of transparent and ethical behavior that is in line with sustainable development including public health and welfare, taking into account the expectations of stakeholders, in line with the law, established norms of international behavior and integrated with the organization as a whole (Prastowo and Huda, 2011: 101)

From these definitions of Corporate Social Responsibility, it can be concluded that Corporate Social Responsibility is a concept that requires companies to fulfill and pay attention to the interests of stakeholders in their profit-seeking operations. The stakeholders in question include shareholders, including employees, customers, local communities, government, non-governmental organizations, the environment and so on.

#### D. Benefits of Corporate Social Responsibility

Corporate Social Responsibility is a commitment to improving people's welfare through business practices, however, it is not just charity but it is a form of the core business strategy of a company. According to Mardikanto, the benefits of Corporate Social Responsibility are divided into three, namely benefits for the community, government and companies (Mardikanto, 2014: 132).

According to some experts, the benefits of Corporate Social Responsibility for the community include environmental preservation for the long-term maintenance of human quality of life, opportunities for job creation, community investment funding, infrastructure development, commercial expertise and others. Then the benefits of Corporate Social Responsibility for the government include financial support for development related to poverty reduction, support for facilities and infrastructure, support for expertise and involvement of NGOs in social responsibility activities.

Finally, the benefits of Corporate Social Responsibility for the company include improving the company's image, strengthening the company's brand, developing cooperation with stakeholders, differentiating the company from its competitors, generating innovation and learning to increase the company's influence, opening access to investment and financing for companies and increasing share prices.

#### E. Concept of Corporate Social Responsibility in Islam

##### The concept of zakat

That in fact there is a greater concept related to Corporate Social Responsibility, which is one of the pillars of Islam regarding the expenditure of zakat. A prosperous society will be built through the collection of zakat, even in Islamic economics instruments as experts argue that Islamic economic instruments as a form of personal and social responsibility are ZIS instruments, namely zakat, infaq and shadaqah (Aziz, 2013: 221)

Zakat is one of the characteristics of the Islamic economic system, because zakat is an implementation of the principle of justice in the Islamic economic system . A company usually has assets that cannot be separated from three forms, namely assets in the form of goods, assets in the form of cash and assets in the form of receivables. In general, the payment pattern and calculation of company zakat are the same as trade zakat. The zakat has a nisab of 85 grams of gold. That company zakat is based on financial statements by deducting liabilities on current assets or all assets (excluding facilities and infrastructure) plus profit, less debt payments and other obligations, then issued 2.5% as zakat (Hafidhuddin, 2002: 100).

##### ➤ The concept of justice

That the concept of justice is the social goal of zakat, which is to share the wealth given by Allah more equitably and fairly to humans. The principle of sharing in this case is closely related to the concept of justice and is a core value in Islam Justice is an important component that shapes the Islamic perspective on society, therefore an ideal society cannot be realized without justice (Chapra, 2007: 16).

##### ➤ The concept of *maslahah*

Al-Shatibi categorizes *maslahah* into three groups, namely essentials (*daruriyyat*), complementary (*hajiyyat*) and embellishment (*tahsiniyyat*). The first level, namely *daruriyyat*, is defined as the fulfillment of the main interests in life related to the objectives of sharia (*maqasid asy-syariah*). This shows that meeting the needs of *daruriyyat* is a priority that must be done.

The second level, namely *hajiyyat*, is explained as an additional interest which if ignored will cause difficulties but not to the point of destroying normal life. In other words, interests need to be considered to reduce difficulties or make it easier so that life will be avoided from difficulties. The third level, namely *tahsiniyyat*, is explained as an interest that serves to enhance the interests of the previous level (Dusuki, 2007: 32-33)

##### ➤ The concept of responsibility

In the Islamic tradition, humans are *khalifatullah fil ardh* (representatives of God on earth) with a special mission to spread mercy to all nature as a mandate from God. Al-Quran has explained in Surah Shad verse 26:

يٰۤاٰدَمُ اِنَّا جَعَلْنَاكَ خَلِيْفَةً فِي الْاَرْضِ فَاحْكُم بَيْنَ النَّاسِ بِالْحَقِّ وَلَا تَتَّبِعِ الْهَوٰى فَيُضِلَّكَ عَنْ سَبِيْلِ اللّٰهِ اِنَّ الَّذِيْنَ يَضِلُوْنَ عَنْ سَبِيْلِ اللّٰهِ لَهُمْ عَذَابٌ شَدِيْدٌۢ بِمَا نَسُوْا يَوْمَ الْحِسَابِ

It means: "oh daud, We have made you a caliph (ruler) on earth, so give judgment (case) among humans fairly and do not follow lust, because he will lead you astray from the way of Allah. Indeed, those who go astray from the way of Allah will get a heavy punishment, because they forget the day of reckoning. "

#### F. Disclosure Of Corporate social responsibility

Disclosure of Corporate Social Responsibility in accordance with Sharia Enterprise Theory in Islamic banking consists of two dimensions, namely vertical and horizontal accountability (Meutia, 2010: 243). The previously described concept offered by Triyuwono can also be the basis for disclosing items in social responsibility reporting in Islamic banking. Vertical accountability includes accountability addressed to Allah. Some examples of vertical accountability include the opinion of the Sharia Supervisory Board (DPS) and the existence of disclosures regarding fatwas and operational aspects which are adhered to and not followed along with their reasons.

Meanwhile, horizontal accountability includes accountability addressed to three parties, namely direct stakeholders, indirect stakeholders, and natural. The parties called direct stakeholders are customers and employees. Then the parties called indirect stakeholders are the community. Some examples of horizontal accountability to customers are disclosure of qualifications and experiences of members of the Sharia Supervisory Board, reports on zakat and *qardhul hasan* funds and audits conducted on these reports, product information and the underlying sharia concepts, explanations of financing with a profit and loss sharing scheme, and an explanation of policies or efforts to reduce future non-Islamic transactions. Then some examples of horizontal accountability to employees are the disclosure of policies on wages and remuneration, policies regarding training that improve the spiritual quality of employees and their families, the availability of health services and counseling for employees, and non-discrimination policies that apply to employees in terms of wages, training, and career opportunities.

Finally, which includes indirect stakeholders is the accountability to the community. Some examples of horizontal accountability to the community are disclosures about initiatives to increase public access to Islamic banking financial services, financing policies that consider issues of discrimination and human rights, financing policies that consider the interests of the public at large, and contributions made to improve the quality of life of the community. in the fields of religion, education and health.

### III. RESEARCH METHODS

The object of this research is taken from one of the existing Islamic banking in Indonesia, namely PT. Bank BTN Syariah Makassar. The determination of this object is based on the consideration that PT. Bank BTN Syariah is a bank that bases its operations on sharia principles. PT. Bank BTN Syariah is also seen as being able to provide information and data needs to be studied related to disclosure and implementation of Corporate Social Responsibility.

The type of research used is qualitative with a descriptive approach. According to Moleong, qualitative research is research that intends to understand the phenomena experienced by research subjects such as behavior, perception, motivation, action and others,

comprehensively, and with a special natural context and by utilizing different common strategies (Moleong, 2014: 6)

### IV. RESULT AND DISCUSSION

Analysis related to the implementation of Corporate Social Responsibility. That Bank BTN Syariah Makassar Branch Office has used a profit, people and planet approach which is further known as the triple bottom line. Banks are not only pursuing economic interests (profit) but also social and environmental aspects. The Bank strives to achieve a balance of triple bottom lines in achieving its goals so as to be able to provide added value to its stakeholders.

Furthermore, the analysis is related to the disclosure of Corporate Social Responsibility. Bank BTN Syariah discloses its social responsibility in the annual report. The Corporate Social Responsibility report is only presented with the extent of the activities that have been implemented along with the allocation of funds that have been used. The Corporate Social Responsibility report also changes its form every year. It can be concluded that the disclosure of Corporate Social Responsibility at Bank BTN Syariah is still voluntary. According to Law 04 of 2007 article 74, that company is obliged or mandatory to implement Corporate Social Responsibility is a company that is in direct contact with natural resources. However, Bank Syariah Mandiri, which has the status of a financial institution, always strives to be able to implement Corporate Social Responsibility and distribute these funds to all existing stakeholders including employees, customers, society and nature.

The next analysis is related to the comparison of conventional and Islamic concepts of Corporate Social Responsibility. When viewed from the three conventional theories including legitimacy, stakeholders and agency, the Islamic concept is more comprehensive. Bank BTN Syariah puts zakat, infaq, and shadaqah as pillars of social responsibility, where the company not only prioritizes profit oriented, but also zakat oriented. Whereas the assets owned by the bank have other people's rights, so they must be distributed. With the Corporate Social Responsibility program, banks work together with LAZNAS in distributing these funds fairly. Then, indirectly, Bank BTN Syariah will form a benefit for employees, customers, society and nature. These are all forms of Bank BTN Syariah responsibility in carrying out its mandate. The main objective of business is *falah*, a true success that will be obtained by Bank BTN Syariah in the form of achieving material and spiritual prosperity.

The following will explain in more detail the differences between conventional theory and Sharia Enterprise Theory in the disclosure of Corporate Social Responsibility at Bank BTN Syariah: (1) Bank BTN Syariah places Allah as the main responsibility center. When compared with conventional theory, firstly legitimacy theory only places society as its responsibility, then stakeholder theory places its responsibility to humans, finally agency theory, principal as the center of responsibility. (2) Bank BTN Syariah tries to run its business in accordance with

sharia. The main objective of Bank Syariah Mandiri is not only profit oriented, but also zakat oriented.

When compared with conventional, that the theory of legitimacy, the company runs the company in accordance with the rules that apply to society, then the theory of stakeholders is more towards the welfare oriented stakeholders, finally the agency theory is more profit oriented. (3) Bank BTN Syariah strives to have a broad concern. It is proven that Bank BTN syariah has programs for the community and nature. The purpose of Bank BTN Syariah is to express social responsibility as a form of accountability to Allah.

With its status as a company engaged in finance and housing finance, Bank BTN Syariah has an equator principle, financial literacy and a pool of small businesses. First, namely the policy regarding financing of projects that have the potential to damage the environment. The bank will provide financing, if the project has carried out its social responsibility. Next, the bank provides direction or assistance to efforts regarding finance. Finally, Bank BTN Syariah has allocated funds for the development of micro businesses, in which these businesses find it difficult to access financing in financial institutions. When compared with the conventional theory, that the legitimacy theory of social responsibility reporting must consider public rights in general, then the stakeholder theory of social responsibility disclosure as a tool to communicate with stakeholders, the agency theory of social responsibility reporting is only to maintain good relations with the principal.

Analysis of the suitability of disclosure of Corporate Social Responsibility with the concept of Sharia Enterprise Theory. That Bank BTN Syariah in expressing its social responsibility is not fully in accordance with the concept of Sharia Enterprise Theory. There are several items that were disclosed outside the chapter on social responsibility. The following is an explanation of the social responsibility items that have been disclosed and are in accordance with the concept of Sharia Enterprise Theory:

- (1) Social responsibility to the community regarding the efforts made by banks to encourage the development of MSMEs. This effort is carried out by carrying out activities such as partnership programs and empowerment economic community.
- (2) Social responsibility to the community regarding contributions made to improve the quality of life of the community in the fields of religion, education and health.
- (3) Social responsibility towards nature is related to contributions to institutions that provide benefits to environmental conservation and direct contributions to the environment

Based on the results of the conversion to Sharia Enterprise Theory, that disclosure of Corporate Social Responsibility at Bank BTN Syariah consists of vertical accountability to Allah and horizontal accountability to customers, employees, society and nature.

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