Economica: Jurnal Ekomomi Islam
Vol 15, No 2 (2024): 223–240
DOI: 10.21580/economica.2024.15.2.22596

Shariah Enterprise Theory in CSR Disclosure: Toward Sustainability Reporting

Gamal Abdul Nasir Makatita[1*], Armin Rusli Makatita[2], Jessika Gafur Lamba[1]

[1]Universitas Islam Negeri Alauddin Makassar, Makassar/Indonesia
[2]Universitas Muhammadiyah Yogyakarta, Yogyakarta/Indonesia

Abstract

This research aims to examine the application of Shariah Enterprise Theory in corporate social responsibility (CSR) disclosure as a foundation for realizing sustainability reporting. This study adopts a qualitative approach and utilizes secondary data sourced from a collection of relevant journal articles. Shariah Enterprise Theory is based on the premise that corporate social responsibility is not limited to certain individuals or groups but also entails accountability to Allah SWT as the ultimate owner. The theory emphasizes that corporate concern extends beyond the interests of shareholders to include broader stakeholders—namely God, humanity, and nature. Allah is regarded as the supreme authority and the ultimate objective of human life, thus positioned as the highest stakeholder. The concept of sustainability reporting and Shariah-based accounting has emerged from the growing commitment among economic organizations to enhance ethical accountability. This is achieved by integrating environmental, social, and governance (ESG) dimensions alongside financial considerations. CSR reporting, when aligned with sustainability principles, is designed to be continuous in nature—produced in the form of sustainability reports. These reports must adhere to standardized guidelines to ensure they effectively convey information on a company's CSR initiatives and impacts.

Keywords: Corporate Social Responsibility (CSR), Ethical Accountability, Islamic Accounting, Shariah Enterprise Theory, Sustainability Reporting

Citation (APA):
Makatita, G. A. N., Makatita, A. R., & Lamba, J. G. (2024). Shariah Enterprise Theory in CSR Disclosure: A Path to Sustainable Reporting. Economica: Jurnal Ekonomi Islam, 15(2), 223–240. https://doi.org/10.21580/economica.2024.15.2.22596

Submitted: 11 Feb 2024
Revised: 2 Nov 2024
Accepted: 26 Dec 2024
Published: 30 Dec 2024

*Corresponding Author. Email: gamalmakatita14@gmail.com

Introduction

The International Financial Reporting Standards (IFRS), formulated by the International Accounting Standards Board (IASB), are a recent development in modern accounting standards that aim to support the internationalization and harmonization of financial reporting. Many countries that previously adhered to the Generally Accepted Accounting Principles (GAAP), developed by the U.S.-based Financial Accounting Standards Board (FASB), are now transitioning toward IFRS. This shift is largely due to GAAP's limitations in addressing the increasing plurality of global society and the rapid pace of contemporary business. In contrast, IFRS is viewed as a framework capable of strengthening global financial architecture, enhancing transparency in financial information, and promoting efficiency in financial reporting amid complex business developments (Putra et al., 2019).

Over time, however, both GAAP and IFRS—grounded in proprietary theory and entity theory—have shown a tendency to reflect the values of profit-maximizing capitalism. This orientation limits their capacity to represent non-economic realities created by firms, as they predominantly recognize quantifiable economic events (Nursanty et al., 2023). Consequently, these standards produce financial information that centers on shareholders while neglecting broader social and environmental considerations.

Entity theory emerged to address the shortcomings of proprietary theory by emphasizing the legal and operational independence of a company from its owners. It extends beyond the basic 'accounting entity assumption' by reinforcing the separation between business and personal affairs and underscoring accountability to shareholders (Aksan et al., 2019). Nevertheless, this approach often leads to the production of accounting information that is egoistically biased. The egoistic nature of this theory permeates users' decision-making, fostering a self-serving orientation that prioritizes profit without due regard for other stakeholders or ethical concerns (Triyuwono, 2003).

Given its limitations, entity theory is considered less aligned with the objectives of Islamic business ethics. In this context, enterprise theory is seen as a more appropriate alternative, as it diminishes egoism and reallocates economic power among various stakeholders—including customers, creditors, management, suppliers, and government actors. Of the three frameworks, enterprise theory exhibits a stronger orientation toward social responsibility and broader accountability. However, it still falls short in fully addressing Shariah principles of accountability and compliance. To resolve this, Triyuwono (2003) introduced the Shariah Enterprise Theory (SET), a framework rooted in the metaphor of zakat, which emphasizes balance between opposing values. Specifically, SET aims to harmonize masculine values (egoism, materiality) with feminine values (altruism, spirituality), reflecting the holistic ethos of Islamic accounting.

In idealistic Shariah accounting, adopting SET as a foundational theory influences both transaction recording and accountability in financial reporting. This model demands a comprehensive balance among financial, social, environmental, material, and spiritual dimensions. It requires adherence to halal-thayyib principles, the exclusion of usury, and the integration of both quantitative and qualitative reporting (Hermawan & Rini, 2018). Compared to enterprise theory, SET offers a more expansive and ethically grounded conception of accountability, one that reconnects accounting practices with the divine consciousness.

A key implication of SET is its support for value-added statements as a complement to conventional financial reports in Shariah-compliant institutions. According to Baydoun and Willet, value-added reporting embodies full disclosure driven by moral and ethical awareness. This practice enhances managerial sensitivity to the ethical dimensions of business operations and fosters fairer income distribution. As a result, the adoption of value-added reporting signifies a paradigmatic shift in accounting objectives—from decision-usefulness toward social responsibility (Musthafa et al., 2020).

Literature Review

Entity Theory

Entity theory posits that a company is a distinct and separate entity from its owners. It emerged as a response to the limitations of proprietary theory, which centers the role of the owner in financial reporting (Widiyono, 2018). The purpose of entity theory is to establish clear boundaries between a company and its owners, particularly in the realm of financial recording and accountability (Milatul Izza, 2021). Under this framework, the company itself becomes the focus of financial accounting, rather than the proprietor.

Although entity theory represents an evolution from proprietary theory, critical analyses—especially those centered on the concept of ownership—highlight that many of its ideological underpinnings remain similar (Salampessy & Juneferstina, 2023). The theory emphasizes the provision of comprehensive financial information to capital owners for capital maintenance and the maximization of returns.

Entity theory also affirms the limited liability of company owners, distinguishing ownership from operational control (Alifi & Wibowo, 2022). It holds that creditors cannot claim the personal assets of owners to cover company debts. Despite its foundational status in modern accounting, critics argue that entity theory lacks realism in capturing the complexities of business relationships. Furthermore, it offers limited relevance for accounting practices in limited liability companies (Lee & Yeager, 2020).

As business enterprises are increasingly seen as social institutions with far-reaching impacts, a broader perspective is warranted. The theory of the firm recognizes that businesses must serve not only shareholders but also the wider array of stakeholders whose well-being and interests are affected by corporate actions (Basriyani et al., 2023). While this perspective aligns in part with Shariah principles, it fails to acknowledge the economic rights of participants who do not contribute directly—an omission that limits its applicability in Islamic accounting frameworks (Widiyono, 2018).

Enteprise Theory

Proprietary and entity theories, despite their historical contributions, fall short in accommodating the complexity and pluralism of modern economic systems. Enterprise theory emerged as a more inclusive alternative. According to Triyuwono (2003), enterprise theory surpasses its predecessors in scope, incorporating not only economic but also social dimensions of accountability. Unlike entity theory, which remains owner-centric, enterprise theory begins to introduce altruistic elements into the accounting narrative.

This theory focuses on all parties with direct or indirect interests in a company's operations—including owners, management, creditors, regulators, employees, customers, and society at large (Anggraini & Rismadara, 2023). In enterprise theory, financial information must serve these multiple stakeholders, reflecting their respective contributions and concerns (Gongshan et al., 2020). The objective of business activity, under this model, is the distribution of welfare across all related stakeholder groups.

While enterprise theory aligns in spirit with many Shariah values, it does not fully acknowledge the rights of indirect participants—those who benefit from corporate existence but are not active contributors. Consequently, it cannot be adopted as a complete theoretical foundation for Islamic accounting until it integrates these overlooked stakeholders (Pravdiuk et al., 2019).

Shariah Enterprise Theory

Enterprise theory is regarded by many scholars as the most appropriate foundation for Islamic accounting because it embraces key ethical values such as fairness, truthfulness, honesty, trustworthiness, and accountability. These values align closely with the characteristics of Islamic accounting as articulated by Triyuwono, which include being humanistic, emancipatory, transcendental, and teleological. However, enterprise theory remains influenced by secular paradigms such as agency theory and the broader politicization of accounting. It is still grounded in a worldly perspective and lacks the spiritual dimension of tauhid—the concept of divine oneness central to Islamic worldview (Meldona et al., 2020). To be fully compatible with Shariah principles, this theoretical framework must internalize the value of tauhid. Doing so provides the legitimacy to incorporate fundamental Islamic concepts such as divine ownership, zakat, divine justice, and multi-dimensional accountability.

According to Shariah Enterprise Theory (SET), stakeholders are not limited to human actors; they encompass three categories—God, human beings, and nature (Irawan & Muarifah, 2020). God is the ultimate stakeholder and the highest authority in the Shariah framework. Placing God in this role ensures that Islamic accounting remains centered on fostering divine awareness and spiritual accountability among its users. This theological foundation necessitates that Islamic accounting be constructed solely on the basis of sunnatullah, or divine law, which governs all principles, practices, and objectives. In essence, Islamic accounting must be rooted in God's regulations, transcending mere human consensus.

The second stakeholder group in SET is humans, who are categorized as either direct or indirect stakeholders. Direct stakeholders are those who contribute to the company, whether financially or through other forms of input. As contributors, they are entitled to a share in the benefits generated by the company. Indirect stakeholders, on the other hand, are individuals who may not contribute directly to the company but, under Islamic law, still have legitimate rights to benefit from its wealth. This perspective broadens the concept of entitlement beyond conventional business logic, embedding it in the ethical and social imperatives of Islam.

Nature is the third stakeholder category. Like God and human beings, nature plays a vital role in the existence and operation of companies. Firms are established on the earth, utilize natural resources, derive energy from the environment, and produce goods or services using materials sourced from nature. However, unlike human stakeholders, nature does not seek monetary compensation. Instead, welfare distribution to nature involves the company's active role in environmental preservation, sustainability practices, and the prevention of ecological degradation.

Triyuwono (2003) emphasized that the central axiom of Shariah Enterprise Theory is the recognition that Allah is the Creator and sole Owner of all resources in the world. In this view, human stakeholders are not true proprietors but trustees, and all resources under their control are divine trusts. These resources must be utilized in accordance with the guidance of the ultimate Owner, Allah (Samino Hendrianto et al., 2022). This principle is reflected in the Qur'anic verse from Surah Al-Baqarah (2:254):

> *"O believers, spend (in the way of Allah) some of the sustenance We have provided for you before the Day comes when there will be no buying or selling, and no intercession; and the disbelievers are the wrongdoers."*

This verse has profound implications for Shariah Enterprise Theory, especially in shaping its vision of wealth distribution. It implies that wealth carries embedded rights belonging to others, including the poor, orphans, travelers (Ibnu Sabil), and the underserved. Thus, wealth or added value should not only be distributed among direct participants—such as shareholders, creditors, employees, or governments—but also to those who are not directly involved in business operations. This interpretation marks a significant departure from conventional enterprise theory, which ties distribution strictly to contribution. In contrast, SET advocates for an accounting framework that accounts for non-reciprocal relationships, where benefit entitlement extends to those who may have no measurable input but possess intrinsic rights under Shariah. This conceptual expansion represents a fundamental shift in how value creation and distribution are understood within Islamic accounting theory.

Corporate Social Responsibility (CSR)

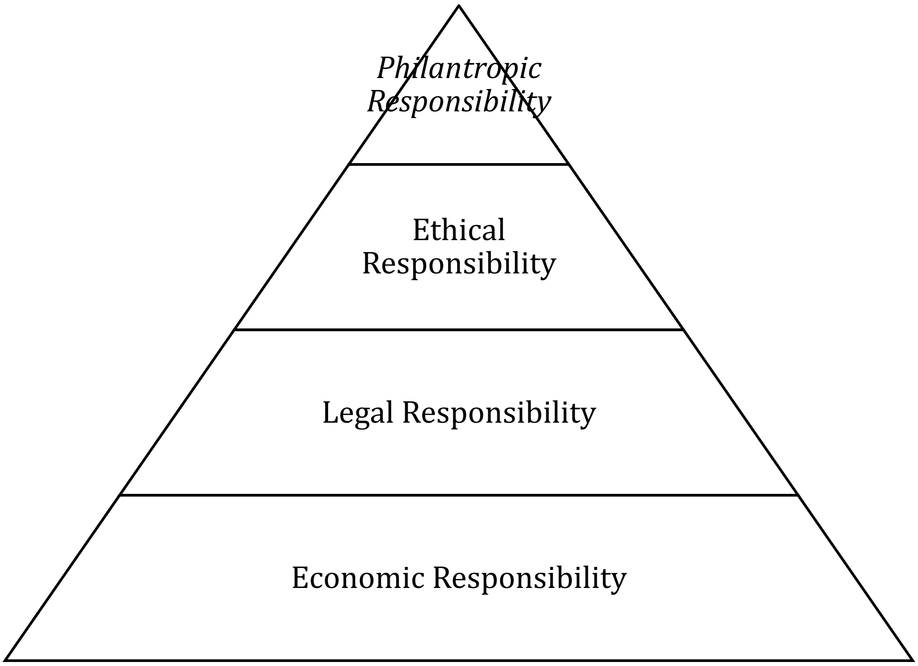
Corporate Social Responsibility (CSR) constitutes a key element of corporate accountability. Regardless of whether it is mandated by regulation or not, companies are expected to engage in CSR activities within their operational environments (Ye et al., 2020). CSR represents a strategic approach that integrates social concern into business operations and stakeholder relations, guided by the principles of partnership and voluntary commitment. Through CSR, companies acknowledge their role not only as profit-generating entities but also as participants in broader societal development.

One influential framework for understanding CSR is Archie Carroll's model, which conceptualizes CSR as a pyramid comprising four interrelated dimensions. At its foundation is economic responsibility, which positions businesses as vital economic agents tasked with providing goods and services to meet societal needs through efficient market mechanisms. Companies must operate profitably and sustainably to fulfill this role. Building upon this, legal responsibility refers to the obligation of companies to comply with applicable laws, representing society's codified ethical expectations. Legal compliance is thus a baseline for responsible corporate behavior.

Above the legal level is ethical responsibility, which encompasses actions and decisions that reflect principles of fairness, justice, and integrity, even when not legally required. Ethical responsibility invites companies to consider societal values and moral consequences in their operations. Finally, philanthropic responsibility sits at the top of the pyramid. This dimension reflects a company's discretionary efforts to contribute to societal well-being through activities such as scholarships, donations, cultural sponsorships, and community support programs. Philanthropy enhances corporate citizenship by reflecting a company's compassion and commitment to human development.

The modern CSR discourse can be traced back to Western thought in the mid-20th century. Although the concept gained momentum in the 1970s, it was first introduced by Howard R. Bowen in 1953 in his book Social Responsibilities of the Businessman. Bowen asserted that business leaders must pursue actions consistent with the broader goals and values of society. Keith Davis, in his 1973 article The Case For and Against Business Assumption of Social Responsibilities in the Academy of Management Journal, introduced the "Iron Law of Responsibility," which holds that corporations must act responsibly or risk losing the power and legitimacy granted to them by society. Both perspectives highlight CSR as a conscious and ethical effort to balance economic activity with social welfare.

Figure 1. Archi Carroll's Corporate Social Responsibility (CSR) model



Source: (Carroll, 2016)

Central to CSR is the need for harmony between a company and its stakeholders. Stakeholders encompass all parties who have an interest in the company's existence and performance, including shareholders, employees, customers, local communities, and regulators. These groups influence corporate decision-making and are also impacted by the outcomes of business activities. As emphasized by William C. Frederick, Keith Davis, and James E. Post (1988) in their book Business and Society: Corporate Strategy, Public Policy, Ethics, CSR is a manifestation of corporate concern for environmental protection and community welfare, particularly in the context of the areas where companies operate (Disemadi & Prananingtyas, 2020).

An advanced theoretical lens for understanding CSR is social contract theory, which conceptualizes business as a social institution embedded in a network of mutual expectations. According to this theory, companies are bound to act in ways that align with societal perceptions and values. These perceptions evolve over time, influenced by cultural, economic, and political factors, meaning that CSR standards can differ between communities and periods. The dynamic nature of public expectations compels companies to continuously reassess and adjust their CSR strategies to remain socially relevant (Ye et al., 2020).

Growing public concern for quality of life, environmental sustainability, and social equity has placed greater pressure on businesses to adopt authentic CSR practices. While CSR is increasingly being codified into law and regulation, questions remain about whether companies implement CSR out of genuine ethical awareness or merely as a response to compliance requirements. In practice, many CSR initiatives are sporadic or symbolic, failing to deliver substantive benefits to society. Therefore, a shift toward more thoughtful, needs-based, and community-engaged CSR strategies is essential to realizing the transformative potential of corporate responsibility.

Sustainability Reporting

In the context of sustainability, corporate responsibility is no longer limited to single-bottom-line (SBL) considerations such as profit or enterprise value, which focus solely on business and economic conditions. Instead, it encompasses the Triple Bottom Line (TBL) approach, which integrates three key dimensions: economic, social, and environmental—commonly referred to as the 3Ps: Profit, People, and Planet. These three elements form the foundation of sustainable development. Information pertaining to these dimensions is typically presented in a separate document from the company's financial statements, known as the sustainability report (Febriyanti, 2021). According to the Global Reporting Initiative (2016), sustainability reporting is defined as the public disclosure of an organization's economic, environmental, and social impacts, including both positive and negative contributions to its sustainability goals.

The Indonesian Financial Accounting Standards Board, in paragraph 9 of its Statement on Financial Accounting Standards (PSAK) No. 1, implicitly encourages companies to disclose environmental and social responsibility matters through environmental and value-added reports (Ikatan Akuntan Indonesia, 2015). This form of disclosure has become a significant obligation, particularly for publicly listed companies (Bukhori & Sopian, 2017).

Over the past two decades, numerous sustainability reporting frameworks have been adopted in business, particularly among multinational enterprises (MNEs).

One of the most widely recognized is the Global Reporting Initiative (GRI). Established in 1997 and headquartered in the Netherlands, GRI is an independent international organization that has played a pioneering role in the development of sustainability reporting standards. GRI seeks to assist businesses and governments worldwide in addressing sustainable development challenges, including social equity and human welfare (Hardi & Chairina, 2019).

Methods

This study adopts a qualitative research design grounded in an interpretive paradigm. The data used in this research are secondary in nature (Zaluchu, 2020). Secondary data sources include findings from previous studies and scholarly works deemed relevant to the research objectives. Data collection techniques consist of a structured literature review and online searches aimed at identifying theoretical and empirical references pertinent to the topic.

The research process is supported by various instruments that facilitate data gathering and analysis. These include writing tools and digital devices such as mobile phones, laptops, and internet access. These tools assist the researcher in capturing, organizing, and analyzing data.

Data analysis in this study follows a three-stage process: data reduction, data presentation, and conclusion drawing, in line with the approach suggested by Yosep et al. (2020). Data reduction involves selecting and simplifying relevant information; data presentation entails osrganizing the information in a coherent format; and the final stage involves interpreting the data to draw meaningful conclusions.

Result and Discussions

Shariah Enterprise Theory in CSR Disclosure

Enterprise Theory is built on the understanding that economic power is no longer concentrated in the hands of a single entity but is instead distributed among various stakeholders. This decentralization aligns closely with Sharia principles, which prohibit the accumulation and circulation of wealth within only certain groups (Pramiana & Anisah, 2018). Shariah Enterprise Theory (SET) extends the concern for responsibility beyond individual interests—such as those of shareholders—to encompass a broader range of stakeholders, including Allah, human beings, and nature. Allah is regarded as the highest authority and the ultimate purpose of human existence, thereby occupying the role of the supreme stakeholder in the Shariah framework (Ruddin, 2018).

In this view, social responsibility disclosures are not merely administrative or reputational exercises but are acts of spiritual accountability. First, the expression of social responsibility is framed as a form of human accountability to God, with the ultimate aim of earning divine approval. Second, these disclosures serve to inform all stakeholders—direct, indirect, and environmental—about the extent to which an institution has fulfilled its obligations. Third, from the perspective of Islamic banking, CSR disclosure is not optional; it is a requirement and a tool to achieve Shariah objectives. Furthermore, CSR disclosures must capture both material and spiritual dimensions relevant to stakeholders' interests and include both qualitative and quantitative information (Pramiana & Anisah, 2018).

SET distinguishes between two key dimensions of accountability in CSR disclosure: vertical and horizontal accountability (Novarela & Sari, 2019). Vertical accountability is directed exclusively toward Allah and includes disclosures such as the opinions of the Shariah Supervisory Board and statements of compliance or non-compliance with Islamic legal rulings (fatwas), along with their justifications. Horizontal accountability, on the other hand, is directed toward three groups: direct stakeholders, indirect stakeholders, and the environment. Direct stakeholders typically include employees and customers, while indirect stakeholders refer to the broader community, who may not contribute directly to the business but are nonetheless affected by its operations (Mu'alifah et al., 2024).

Allah, as the supreme stakeholder, serves as the moral and spiritual axis of Islamic accounting. By placing Allah in this position, a vital link is established between Islamic accounting and the broader economic system (Nurbaeta et al., 2024). If the economic system remains oriented toward increasing awareness of God among its users, it is expected that harmful behavior—toward oneself or others—can be avoided, as it would contradict divine commands. The role of Allah as the ultimate stakeholder is operationalized through sunnatullah, which serves as the foundation for constructing Islamic accounting systems. In this context, sunnatullah accounting refers to an accounting model developed strictly in accordance with divine laws and principles.

The second major stakeholder in SET is the human being, who is divided into two categories: direct and indirect stakeholders. Direct stakeholders are individuals who contribute directly to the business, either financially or through other means. Because of their contributions, they are entitled to receive social benefits from the company. Indirect stakeholders, while not directly involved in the business, are nonetheless entitled to receive assistance in accordance with Shariah law—especially in the form of social financial support (Triyuwono, 2003). Both direct and indirect stakeholders have legitimate claims to the well-being generated by the business and must not be harmed by its operations.

Nature constitutes the third essential stakeholder in SET. Nature is regarded as playing a crucial role in the existence of companies, just as God and humans do. Businesses operate by utilizing natural resources: they are established on land, consume energy from the environment, and depend on raw materials provided by the Earth. However, unlike human stakeholders, nature does not seek monetary gain. Instead, the concept of welfare for nature involves corporate concern for environmental sustainability, including pollution prevention and ecosystem preservation (Triyuwono, 2003). In this framework, Allah is seen as the ultimate guardian, and all resources entrusted to human stakeholders must be used in accordance with divine mandates, with the aim of achieving objectives defined by the most trustworthy authority—Allah Himself.

Corporate Social Responsibility: Towards Sustainability Reporting

The concept of sustainability, particularly the Triple Bottom Line (TBL) approach—encompassing GRI 200 (economic), GRI 300 (environmental), and GRI 400 (social) standards—is more closely aligned with Islamic teachings than with capitalist ideologies. Capitalism is often materialistic and tends to neglect spiritual principles, including the well-being of society and the preservation of the environment. In contrast, Islam emphasizes obedience to Allah SWT as the foundation of human existence. This obedience brings blessings (barakah) in this life and serves as a form of sustenance for the afterlife, underscoring a form of sustainability that extends beyond worldly life. When applied to the concept of Shariah sustainability reporting and accounting, the core objectives of compliance are framed through two principles: accountability and introspection (Cendika & Sawarjuwono, 2021).

Accountability is understood as the responsibility of humans as stewards (khalifah) on Earth. As stated in Surah An-Nisa (4:85):

> *"Whoever provides suitable mediation will receive a share (reward) from it. And whoever intercedes for bad things will bear his share (sin). Allah is Almighty over everything."*

This verse illustrates the Islamic emphasis on the consequences of human actions and the imperative to ensure that one's conduct aligns with divine expectations. In the context of sustainability reporting, this accountability translates into the need for organizations to report transparently on their economic, environmental, and social impacts as part of their duty to both society and Allah.

Introspection is equally essential. Although humans may strive to act righteously, they are prone to error. Self-reflection is encouraged so individuals and organizations can recognize shortcomings and commit to continual improvement. Numerous verses support this view, including Surah Al-Baqarah (2:160):

> *"Except those who repent after (disbelief) and make amends. For indeed, Allah is Forgiving, Most Merciful."*

Islam encourages ongoing reform, and those who fail to make improvements are deemed transgressors, as mentioned in Surah Ash-Shu'ara (26:151–152) and An-Naml (27:47–48). In sustainability reporting, introspection aligns with the goal of minimizing harm, preserving resources, and ensuring the longevity of both society and the environment.

Implementing TBL reporting enables organizations to communicate their sustainability efforts transparently, allowing stakeholders to assess their financial stability, environmental responsibility, and social accountability. A truly sustainable organization is one that ensures its profitability while minimizing environmental harm and responding to the social expectations of the communities it affects. The reporting process thus becomes a mechanism of accountability to all stakeholders and a reflection of the organization's ethical commitments (Rofelawaty, 2014).

According to the Sustainability Reporting Guidelines, a complete sustainability report should contain three key types of disclosures. First, Strategic and Organizational Profiles provide an overview of the organization's goals, governance structure, and operational context. Second, the Management Approach explains the policies, strategies, and procedures used to manage performance in specific areas, offering insight into how sustainability principles are embedded in daily operations. Third, the Performance Index includes measurable indicators related to the organization's economic, environmental, and social performance, enabling comparisons over time and across organizations (Rofelawaty, 2014).

To fulfill these requirements, researchers must evaluate and extract relevant information from corporate sustainability or annual reports using a systematic content analysis approach. The disclosure items are organized into seven major categories. The General Information section includes brief descriptions of the organization's identity, strategic goals (short-, medium-, and long-term), and any awards or recognitions received. The Economic Index captures financial performance, market share, and the indirect economic impacts of the company's activities. The Environmental Indicators assess resource usage (materials, energy, water), efforts toward biodiversity preservation, waste and emissions management, product safety, environmental compliance, and the adoption of sustainable technologies.

The Social Index evaluates employment practices, workplace health and safety, equal opportunity policies, training and education provisions, and gender equity. The Human Rights Index covers issues such as investment and procurement practices, discrimination, labor rights (including freedom of association and protection from forced labor), indigenous rights, and grievance mechanisms. The Socio-Community Index explores the company's relationship with local communities, anti-corruption initiatives, public policy engagement, anti-competitive behavior, and adherence to public regulations. Lastly, the Product Liability Index includes disclosures on product safety, labeling, marketing practices, consumer privacy, and legal compliance in relation to products and services (Rofelawaty, 2014).

Conclusion

Shariah Enterprise Theory is a conceptual framework based on the belief that corporate social responsibility (CSR) extends beyond obligations to shareholders or economic stakeholders. It emphasizes broader accountability, including responsibilities toward Allah SWT—the ultimate owner and sovereign of all resources. This theory asserts that a company's actions must be aligned not only with the interests of humans and the environment but also with divine expectations. By positioning Allah as the highest stakeholder, Shariah Enterprise Theory introduces a spiritually grounded orientation to corporate responsibility, wherein ethical conduct and transparency are acts of worship and obedience.

The emergence of sustainability reporting and Shariah-based accounting reflects an evolving desire among economic institutions to enhance accountability by incorporating ethical, social, environmental, and governance aspects alongside traditional financial metrics. CSR reporting, particularly in the form of sustainability reports, is intended to provide continuous and comprehensive disclosure of an organization's responsibilities and initiatives. These reports should adhere to established standards and frameworks to ensure that the information presented is meaningful, comparable, and relevant to stakeholders. Shariah Enterprise Theory, when integrated into such reporting, offers a more holistic accountability model that prioritizes not only regulatory compliance and social impact but also moral and spiritual integrity.

In conclusion, Shariah Enterprise Theory can serve as a powerful foundation for rethinking CSR in a way that aligns with Islamic ethical principles and the objectives of sustainable development. It offers a multidimensional approach that balances profit with purpose and material responsibility with spiritual consciousness.

Further research is encouraged to examine the practical application of Shariah Enterprise Theory within corporate CSR reporting, especially through case studies conducted directly at companies. This would allow researchers to assess how effectively the theory is being implemented in real-world contexts and to identify best practices, challenges, and opportunities for refinement. Future studies could also compare conventional sustainability frameworks with Shariah-based models to evaluate their relative impacts on corporate ethics and stakeholder trust.

BIBLIOGRAPHY

Aksan, I., Setiawan, D., & Gantyowati, E. (2019). RESEARCH DEVELOPMENT RELATED TO IMPLEMENTATION OF FINANCIAL ACCOUNTING STANDARDS IN INDONESIA. *International Journal of Economics, Business and Accounting Research (IJEBAR)*, *3*(4). https://doi.org/10.29040/ijebar.v3i04.791

Alifi, R., & Wibowo, D. (2022). PENGELOLAAN KEUANGAN PADA USAHA MIKRO BERDASARKAN ECONOMIC ENTITY CONCEPT (Studi pada Usaha Mikro di Kelurahan Jambangan). *Jurnal Ilmu Dan Riset Akuntansi*, *11*(9). https://jurnalmahasiswa.stiesia.ac.id/index.php/jira/article/view/4832

Anggraini, D. T., & Rismadara, R. B. (2023). DETERMINAN PEMBAYARAN ZAKAT BANK UMUM SYARIAH DI INDONESIA TAHUN 2015-2020. *Media Riset Bisnis Ekonomi Sains Dan Terapan*, *1*(2), 1–11. https://doi.org/10.71312/mrbest.v1i2.31

Basriyani, A., Panggabean, N. Z., & Tanjung, A. (2023). Akuntansi Syariah: Konsep, Historis dan Implementasi. *Kapital Deli Sumatera*, *2*(1). https://jurnal.unds.ac.id/index.php/kds/article/view/265

Bukhori, M. R. T., & Sopian, D. (2017). PENGARUH PENGUNGKAPAN SUSTAINABILITY REPORT TERHADAP KINERJA KEUANGAN. *Jurnal SIKAP (Sistem Informasi, Keuangan, Auditing Dan Perpajakan)*, *2*(1), 35–48. https://doi.org/10.32897/jsikap.v2i1.62

Carroll, A. B. (2016). Carroll's pyramid of CSR: taking another look. *International Journal of Corporate Social Responsibility*, *1*(1), 3. https://doi.org/10.1186/s40991-016-0004-6

Cendika, F. B., & Sawarjuwono, T. (2021). THE OBJECTIVES OF SUSTAINABILITY REPORTING AND ACCOUNTING IN SHARIA. *Jurnal Riset Akuntansi Dan Bisnis Airlangga*, *6*(2), 1072–1090. https://doi.org/10.20473/jraba.v6i2.35535

Disemadi, H. S., & Prananingtyas, P. (2020). Kebijakan Corporate Social Responsibility (CSR) sebagai Strategi Hukum dalam Pemberdayaan Masyarakat di Indonesia. *Jurnal Wawasan Yuridika*, *4*(1), 1. https://doi.org/10.25072/jwy.v4i1.328

Febriyanti, G. A. (2021). Pengaruh Sustainability Reporting Terhadap Nilai Perusahaan dengan Leverage sebagai Variabel Moderating. *Jurnal Akuntansi Dan Pajak*, *22*(1), 366. https://doi.org/10.29040/jap.v22i1.2598

Global Reporting Initiative. (2016). *GRI Sustainability Reporting Standards*.

Gongshan, C., Yuan, N., Lu, Y., & Yudong, G. (2020). On Production Process Optimization Based on Queuing Theory—Take Enterprise A as an Example. *Proceedings of the 6th International Conference on Humanities and Social Science Research (ICHSSR2020)*. https://doi.org/10.2991/assehr.k.200428.057

Hardi, E., & Chairina, C. (2019). The Effect of Sustainibility Reporting Disclosure and Its Impact on Companies Financial Performance. *Journal of Wetlands Environmental Management*, *7*(1), 67. https://doi.org/10.20527/jwem.v7i1.188

Hermawan, S., & Rini, R. W. (2018). PENGELOLAAN DANA ZAKAT, INFAQ, DAN SHADAQAH PERSPEKTIF SHARIAH ENTERPRISE THEORY. *Riset Akuntansi Dan Keuangan Indonesia*, *1*(1), 12–24. https://doi.org/10.23917/reaksi.v1i1.1974

Ikatan Akuntan Indonesia. (2015). *Pernyataan Standar Akuntansi Keuangan (PSAK) No. 1: Penyajian Laporan Keuangan*.

Irawan, F., & Muarifah, E. (2020). ANALISIS PENERAPAN CORPORATE SOCIAL RESPONSIBILTY (CSR) DALAM PERSPEKTIF SHARIA ENTERPRISE

THEORY. *Minhaj: Jurnal Ilmu Syariah*, *1*(2), 149–178. https://doi.org/10.52431/minhaj.v1i2.309

Lee, H. Y., & Yeager, D. S. (2020). Adolescents with an entity theory of personality are more vigilant to social status and use relational aggression to maintain social status. *Social Development*, *29*(1), 273–289. https://doi.org/10.1111/sode.12393

Meldona, Riska, N. A., Rochayatun, S., & Nurdin, F. (2020). Corporate Social Responsibility Disclosure Through Sharia Enterprise Theory. *Proceedings of the 3rd Asia Pacific International Conference of Management and Business Science (AICMBS 2019)*. https://doi.org/10.2991/aebmr.k.200410.026

Milatul Izza. (2021). Penyusunan Laporan Keuangan Berdasarkan Standar Akuntansi Keuangan Entitas Mikro Kecil Dan Menengah. *JRAK (Jurnal Riset Akuntansi Dan Bisnis)*, *7*(1), 61–71. https://doi.org/10.38204/jrak.v7i1.548

Mu'alifah, L., Afifudin, A., & Hidayati, I. (2024). ANALISIS PROFIT SHARING RATIO, ZAKAT PERFORMANCE RATIO DAN EQUITABLE DISTRIBUTION RATIO TERHADAP KINERJA BANK SYARIAH. *Jurnal Warta Ekonomi*, *7*(1).

Musthafa, T. F., Triyuwono, I., & Adib, N. (2020). APPLICATION OF ASSET REVALUATION BY THE PUBLIC ASSESSMENT OFFICE: A REFLECTION OF SHARIA ACCOUNTING, SHARI'AH ENTERPRISE THEORY. *International Journal of Economics, Business and Accounting Research (IJEBAR)*, *4*(03). https://doi.org/10.29040/ijebar.v4i03.1281

Novarela, D., & Sari, I. M. (2019). Pelaporan Corporate Social Responsibility Perbankan Syariah dalam Perspektif Shariah Enterprise Theory (SET). *JURNAL AKUNTANSI DAN KEUANGAN ISLAM*, *3*(2), 145–160. https://doi.org/10.35836/jakis.v3i2.34

Nurbaeta, Mustakim Muchlis, & Puspita H. Anwar. (2024). Pemahaman Pendapatan, Pengeluaran dan Penyajian Laporan Keuangan dalam Yayasan Pendidikan Islam dengan Penerapan ISAK 35. *Journal of Economic Education and Entrepreneurship Studies*, *5*(1), 100–116. https://doi.org/10.26858/je3s.v5i1.1889

Nursanty, I. A., Kartini, E., Yuliati, N. N., & Fariantin, E. (2023). CINTA KASIH AKUNTANSI DALAM JARINGAN REALITAS PROFETIK-ILAHIYAT. *Jesya*, *6*(1), 931–940. https://doi.org/10.36778/jesya.v6i1.1053

Pramiana, O., & Anisah, N. (2018). Implementasi Corporate Social Responsibility (CSR) Dalam Perspektif Shariah Enterprise Theory. *Eksis: Jurnal Riset Ekonomi Dan Bisnis*, *13*(2), 169–182. https://doi.org/10.26533/eksis.v13i2.311

Pravdiuk, N., Pokynchereda, V., & Pravdiuk, M. (2019). THE HUMAN CAPITAL OF AN ENTERPRISE: THEORY AND ASSESSMENT METHODOLOGY. *Baltic Journal* *of Economic Studies*, *5*(2), 176. https://doi.org/10.30525/2256-0742/2019-5-2-176-183

Putra, T. A. P. S., Tusholihah, M., Retnawati, K., & Maje, G. I. L. (2019). Dampak Dan Upaya Penerapan IFRS Pada Pelaporan Keuangan Terhadap Perusahaan Di Indonesia. *Fair Value : Jurnal Ilmiah Akuntansi Dan Keuangan*. https://doi.org/10.32670/FAIRVALUE.V1I2.14

Rofelawaty, B. (2014). Analisis Praktik Pelaporan Berkelanjutan (Sustainability Reporting) pada Perusahaan yang Terdaftar di Bursa Efek Indonesia. *Jurnal Aplikasi Manajemen*, *12*(2), 258–268.

Ruddin, P. (2018). ANALISIS CORPORATE SOCIAL RESPONSIBILITY PERBANKAN SYARIAH BERDASARKAN SHARIAH ENTERPRISE THEORY. *Jurnal Akuntansi STIE Muhammadiyah Palopo*, *4*(2). https://doi.org/10.35906/ja001.v4i2.524

Salampessy, Z., & Juneferstina, M. (2023). MENYELAMI KONSEP KESATUAN USAHA DALAM TEORI-TEORI AKUNTANSI. *Jurnal Administrasi Terapan*, *2*(1), 218–224. https://doi.org/10.31959/jat.v2i1.1789

Samino Hendrianto, Nursimah Dara, & Ahmad Bustomi. (2022). Analisis Perbandingan Kinerja Keuangan Antara Pendekatan Laporan Laba Rugi Dengan Shari'ate Value Added Statement (SVAS) pada Koperasi Syariah Benteng Mikro Indonesia. *Jurnal Multidisiplin Madani*, *2*(4), 1895–1914. https://doi.org/10.55927/mudima.v2i4.283

Triyuwono, I. (2003). Konsekuensi Penggunakan Entity Theory sebagai Konsep Dasar Standar Akuntansi Perbankan Syari'ah. *Jurnal Akuntansi Dan Auditing Indonesia*, *7*(1). https://journal.uii.ac.id/JAAI/article/view/849

Widiyono, T. (2018). Theoretical Foundation and Philosophy of Group of Companies as Legal Entity. *Proceedings of the 1st International Conference on Recent Innovations*, 2378–2382. https://doi.org/10.5220/0009943023782382

Ye, N., Kueh, T.-B., Hou, L., Liu, Y., & Yu, H. (2020). A bibliometric analysis of corporate social responsibility in sustainable development. *Journal of Cleaner Production*, *272*, 122679. https://doi.org/10.1016/j.jclepro.2020.122679

Yosep Dwi Kristanto, & Russasmita Sri Padmi. (2020). *Analisis Data Kualitatif : Penerapan Analisis Jejaring untuk Analisis Tematik yang Cepat , Transparan , dan Teliti*. 1–21.

Zaluchu, S. E. (2020). Strategi Penelitian Kualitatif dan Kuantitatif Di Dalam Penelitian Agama. *Evangelikal: Jurnal Teologi Injili Dan Pembinaan Warga Jemaat*, *4*(1), 28. https://doi.org/10.46445/ejti.v4i1.167