

## Conference Paper

# Holistic of Corporate Social Responsibility: Implementation of Sharia Companies in Indonesia

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## Abstract

The purpose of this study is to analyze the value of integration and Corporate Social Responsibility (CSR) activities as well as to review CSR practices in Sharia companies. This study uses qualitative analysis. The sources of data are obtained from the results of Sharia companies' CSR documents from 2000 to 2014, the annual report, the prospectus of Sharia companies, good corporate governance (GCG) reports and the notes of the financial statements. Thereafter, the data is supported by theories and results of previous studies, such as scientific journals, books and so forth. This study result shows that a more holistic multidisciplinary is not yet integrated, covering the aspects of philosophy and managerial perspectives that become the social responsibility of Sharia companies listed in the Indonesia Stock Exchange. This CSR practice in Sharia companies have not used the concept of CSR by the Islamic perspective. This study also shows that three important aspects of CSR do not correspond with each other, which includes environmental, social and economic responsibilities. Differences and similarities with the other academic community: this study refutes the results of Ketola (2008) who found the model of integrated or multidisciplinary CSR, which comprises of utilitarian/egoistic, duties/rights/justice and ethical value of the company to raise awareness of the psychological resilience in the activities of the company, in order to achieve environmental, social and economic responsibilities of company activities.

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Received: 25 February 2018

Accepted: 26 May 2018

Published: 26 June 2018

Publishing services provided by  
**Knowledge E**

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Selection and Peer-review  
under the responsibility of the  
ICIFEB Conference Committee.

**Keywords:** corporate social responsibility (CSR), holistic and corporate Sharia

## 1. Introduction

The influence of business practices in Islam has been well documented in the Qur'an and Sunnah, both of which are major sources of business ethics in Islam. The core of CSR in Islam is in accordance with the business value of Islam, such as fairness, socioeconomic measurement, good human relations and honesty (Ali and Thankom,

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2005). In the context of Islam, CSR is based on the Islamic concept of good human life, in which the emphasis of fraternity, social and economic justice require a balanced satisfaction of both the material and the spiritual needs [15], in contrast to the Western values, the freedom of society in which religion is considered as a personal affair [68].

From the Islamic perspective, this CSR is already inherent in the teachings of Islam. That purpose of Islamic law (*Maqasid al-Shari'ah*) is *maslahah* (something considered good or useful), so the purpose of business is *maslahah* as well, not just profit. For that purpose, companies or businesses more than just to maximize profits rather work for the welfare and prosperity of shareholders [69]. Furthermore, the goal of the companies is not just about business, they must also include the elements of hereafter and with certainty the blessing of Allah SWT.

CSR is the theoretical basis on the need for a company to build a harmonious relationship with the community and at the neighborhood in which it operates. Theoretically, CSR can be defined as a moral responsibility of a company toward the stakeholders, especially the community or society around the work and operations area. A company must uphold morality. The success parameter of a company in the viewpoint of CSR is by putting forward the principles of moral and ethics, namely, to achieve the best results, without prejudice to other community groups (Febrinda and Suaryana, 2011).

The necessity and importance to conduct the study on Sharia companies is with regard to CSR with the following arguments: (1) There has been no holistic study regarding the Sharia companies' CSR in Jakarta Islamic Index (JII) listed in the Indonesia Stock Exchange (BEI) with a qualitative approach. (2) Qualitatively, the three important aspects in CSR that includes environmental, social and financial/economics aspects have not received serious attention by previous researchers and (3) Most studies examine the relationship between CSP and CFP in the banking sector, both conventional and Islamic banks. In this study, the object is the Sharia companies, which are consistently listed in JII from the launch of JII in June 2000 to January 2014.

The main issues relating to Corporate Social Responsibility (CSR) in Sharia companies in JII listed in the Indonesia Stock Exchange are: (1) There is no integration of CSR practices in multidisciplinary science, such as philosophical and managerial perspective that is the responsibility of companies, (2) Are the environmental, social and financial aspects reciprocally integrated in Sharia companies? Based on this background, the purposes of this study are as follows: (1) to analyze the value of the integration and the activities of CSR in Sharia companies. And (2) to assess the CSR practices in Sharia companies.

## 2. Literature Review

The researchers argue that CSR can have a positive impact by providing better access to valuable resources [17, 73], attracting and retaining high-quality employees [36, 72] will allow much better marketing and services of products [25, 58], creating unexpected opportunities [24], and contribute to obtain social legitimacy (Hawn, et. al, 2011). In addition, CSR can function in the same manner as advertising, by increasing demand for products and services and/or reducing the sensitivity of consumer prices [20, 62, 66, 70], and even allowing companies to develop intangible assets [46, 73]. From the perspective of stakeholder theory [26, 28, 29], it showed that CSR simultaneously includes managing multiple groups of stakeholders. Other researchers argue that CSR can reduce the possibility of negative regulations, legislative or fiscal policy [26, 27, 45], attracting consumers who are aware of the social aspects [45], or attract financial resources from investors who are socially responsible [50].

Religious beliefs are regarded as a private matter in many Western countries [68] and separated from the practices of modern business, but nonetheless, there are literatures that attempted to link the different aspects of business with faith [4, 13, 33]. For Muslim countries, Islam is integrated in all aspects of society including politics, society, law and economics. The influence of Islam on daily activities and businesses of the community are well documented in the Quran and Sunnah. Islam is not just a personal religion, but also an organization for the community and its institutions, as well as guidelines for the behavior of individuals in the institutional and social context [71]. Islamic financial services industries are the application result of the principles of Sharia financial practices, which are a clear example of the practicality of relationship between business and faith. Although there are still a few, there is an increased level of awareness of Islamic business ethics in the latest studies [10, 34, 68, 74, 75].

Business organizations have an important role in the economic and social life of society throughout the ages [1]. In Islam, business activities are considered as a religious obligation [3]. Social responsibility refers to the obligations of the organization to protect and contribute to the community at the area the companies operate [10]. The concept of fraternity and social justice cause social responsibility [64] by offering shared prosperity for the advancement of society [42]. Therefore, CSR may be necessary for Islamic businesses (Mohammed and Muzawir, 2008).

The main purpose of CSR in Islam is to promote social justice as well as for the achievement of *al-Falah* (success). Based on the nature of human relationships, it is derived from the concept of Tawheed, as shown in Islamic business organization,

socially responsible to society, the environment and ultimately to God. Members of the society include shareholders, employees, customers, suppliers, government, society and the debtors. CSR Model for Islamic business organization is described by Muhammad and Muzawir (2008).

CSR for Muslims assumes a wider and more holistic meaning. Obviously, this concept is not only considered as a strategic or instrumental initiative, in which companies act upon for the sake of increasing goodwill or the long-term financial performance, as stated by Burke and Logsdon (1996); Quester and Thompson (2001); Windsor (2001); Lantos (2001 and 2002); Johnson (2003); Greenfield (2004); Garriga and Mele (2004).

The work of CSR is for the welfare of the community by following the rules of the Islamic Sharia. This is done to prevent crime in the world of banking. The position of Islamic Banking Institution (IBI) as a financing company works both nationally and internationally which is considered as an innovator in the implementation of CSR practices in Islam. CSR in Islam is very different as compared to CSR in the West. CSR according to Islam is not only following the law but also works for the interest of society on a firm foundation and Islamic philosophy that leads to the welfare of the society. All financial institutions are responsible to the community and also accountable before God on the judgment day later. The bank manager is responsible for the implementation of CSR. CSR in Europe and America began in the 1970s primarily focused on the norms, values, trust and culture. Western CSR concept is generally applied in companies, but the concept of CSR varies according to culture, norms, values and religion of certain countries due to each society having its own specific concept of CSR. In different countries, there are different laws and regulations. In Indonesia, if a company does not implement CSR, the Indonesian government will impose sanctions in accordance with the provisions of the law in force [48].

Ketola (2008) investigated 'A Holistic Corporate Responsibility Model: Integrating Values, Discourses and Actions'. The approach used in this study was Discourse (inter-disciplinary exercise). The research result found that the more holistic CR-model is for the benefit of academics, companies and interest groups. CR usually consists of three parts: environmental, social and economic responsibilities. There must be suitability between the values, discourses and actions of the company. The CR-model integrates (1) utilitarian/egotistical, duties/rights/justice and virtue to the values of corporate ethics, (2) increase in awareness of psychological defense in the discourse of the company and (3) environmentally, socially and economically responsible corporate action. What has been produced in the CR-model can be tested in the company and carried out through the strategic and operational management of the company.

Aribi and Gao (2010) examined the CSR Disclosure, 'A Comparison Between Conventional and Islamic Financial Institutions'. They use the content analysis approach by looking at the company's annual report. There was a difference in CSR disclosure that was found in the research result, between Islamic Financial Institutions and Conventional Financial Institutions. The difference varied on the aspects assessed, but at the disclosure, IFIs (Islamic Financial Institutions) are higher than the CFIs (Conventional Financial Institutions).

Hassan et. al (2012) researched on the title of Corporate Social Responsibility Disclosure (A Comparison between Islamic and Conventional Financial Institutions in Bahawalpur Region). The methodology used is the content analysis approach. The result of the research showed that there is a positive relationship and slight significant difference in the rate and degree of disclosure between Islamic and conventional banking.

### 3. Research Methodology

#### 3.1. Research methods

This type of study is a study with a qualitative approach that focuses its attention to the general principles underlying the embodiment of the indicator units existing in human life. Qualitative research uses the interpretative paradigm, which aims to understand the social phenomenon, focusing on the reasons of social actions, referring to morality with the mindset of rationality. The first reason in the implementation of this study is for intellectual reasons (intellectual research), which is solely for the development of science. Second, with practical reasons, it is hoped that the research results can be addressed for practical purposes or to achieve a step or an action that is deemed better or more perfect than the previous actions. Based on the location, this study will adopt a field study as the primary data and have the literature study (library research) as supporting data. Subsequently, in terms of the realm and the object of the study, this study combines descriptive-analysis field study with exploratory literature study (library research). However, this study can also be believed as a qualitative descriptive study because it describes the data as it is and explains the data or events with qualitative explanations.

#### 3.2. Data source

### 3.2.1. Primary data

Primary data are in the form of authentic facts from Sharia companies in JII listed in the Indonesia Stock Exchange, launched by JII, starting June 2000 to January 2014. There were five companies that were consistently listed in JII, which BEI authorities evaluate every 6 months, especially with regard to CSR and GCG. Documentation data that will serve as the primary data will be obtained at: Sharia Companies, the data are obtained by the collection of documents (company prospectuses that contain many things on the company and the financial statements such as balance sheet, income statement and cash flow statement), as well as the supporting data related to CSR.

### 3.2.2. Secondary data

Secondary sources used in this study are scientific journals, books and articles relating to CSR, both from the conventional and Islamic perspectives. Other sources are in the form of GRI Index in CSR.

### 3.3. Data processing techniques

Content analysis is performed to explore the practices of CSR in Sharia companies. This method is most commonly used to analyze the social and environmental problems in a company report (Milne and Adler 1999), although CSR reporting is done through a variety of channels, such as advertising and promotional leaflets, company websites, interim reports and press releases.

## 4. Discoveries and Discussions

Various CSR activities are included in several companies in the JII group from 2000 to 2014. There are five Sharia companies based on the consistency and always in the JII group, namely, PT. AALI Astra Agro Lestari, Tbk; PT. INTP Indocement Tunggal Prakarsa Tbk; PT. BA Bukit Asam Tbk; PT. TLKM Telkom, Tbk and PT. UNVR Unilever, Tbk.

#### 4.1. Integrated value analysis and CSR activities in sharia companies

Explanation on the CSR portrait in these Sharia companies is done holistically (as a whole), which includes the aspects of managerial philosophy and perspectives that become the social responsibility of the listed Sharia companies in the JII. This study also outlines the three important aspects of CSR, which includes environmental, social and financial/economic responsibilities.

Philosophically, the visions of the companies have led to environmental aspects. Thereby, the goals of the companies should not only be to maximize the value of the company or the welfare of the shareholders, but rather to have a social aim and incorporate environmental aspects as something very important.

Those five sharia companies have conducted various activities related to CSR, among others; community, Human Resources (HR), education, social and environmental developments and various other activities. The portrait results of the annual reports from 2000 to 2014 showed that the activities of the five companies were generally the same, although there are some differences in the undertaken activities.

In general, the five Sharia companies have not conducted holistic or comprehensive CSR activities by using the approach to philosophical and managerial aspects that include environmental, social and economic aspects. There are companies that have outlined the vision and/or mission philosophically, in which the goals of the companies are certainly not solely the benefits or the wealth of the shareholders, but they are also very concerned about the social and environmental aspect, for example, PT. Astra Agro Lestari. The other four Islamic companies were not explicit on the visions and missions or philosophy of the companies with regard to CSR.

Some of the CSR activities conducted by Sharia companies seem to merely meet the requirements of the Law; however, it is not optimum in practice. The activities are not structured and ongoing. The government should control and evaluate each CSR activities, both the input and the output.

CSR still seems voluntary for Sharia companies; hence, it has not become an obligation to the companies. Five sharia companies generally avoided visits from the researchers to inquire on CSR, but it was recommended to send an email regarding the proposed questionnaires. All sharia companies were sent questionnaires, not a single company answered or responded. The researchers have conducted an interview with a company, but received a satisfactory answer. This was exactly similar to what was stated in the company's annual report.

CSR regulations for the company of Oil and Gas management were stipulated in the Gas and Oil Law No. 22 of 2001. In Article 13, paragraph 3 (p), it was mentioned: "Cooperation Contract as referred to in paragraph (1) shall at least contain the principal provisions: (p) development of surrounding communities and guarantees the rights of indigenous peoples". In this case, the Sharia company, PT. Bukit Asam Tbk, was very concerned on the environmental aspects due to the consideration that if the environmental aspect failed to be implemented, it would damage the company and its surroundings.

Warhurst (1998) classified the aspect of CSR in the field of mining related to following: (a) Scope of biophysics, which includes the impact of mining on the health of ecosystems, biodiversity, conservation, air and water; and the physical basis of other livelihoods of the communities, such as the conservation of marine, minerals, forests and agricultural lands resources. (b) In the field of economy, which include economic benefits to society, wages and distribution of natural resources based on commodity rents (taxes, royalties, etc.) between the state and national agencies. (c) In the social field, which includes the rights of individuals and groups, their ability to organize, health and working conditions, respect for cultural and religious heritage, and public attitudes toward the environment and education.

In relation to CSR, Sharia companies were not transparent on the percentage of the companies' profits used for the benefit of CSR. All of the Sharia companies that were studied did not provide an answer nor any information on the liabilities of the company to be incurred in the amount of profit or the percentage of the profits.

Based on the annual reports, it can be seen in the description that the goals of these Sharia companies are long-term, so the environmental aspect is a major concern, among others: PT. Astra Agro Lestari Tbk that is engaged in agro industry (in the opening of new land for investment), replanting of the land is a concern of PT. Indocement Tunggal Perkasa (very much concerned in the aspect of EIA) and PT. Bukit Asam Tbk (a mining company). However, mining and oil companies in particular have long and remarkable environmental impacts, generally a disruptive effect on the surrounding environment. The main attention for those types of companies should be the surrounding community and its environmental impact.

Based on the annual report, PT. Unilever, Tbk, did not provide an explanation of the company's social aspects. The company merely empowers the community, environment, stakeholders, human resources and products. The company develops the community in the context of poverty alleviation by working with small shops. However, in this case, it is more to the context of business and products development.

When comparing the CSR practices based on the annual reports of the five sharia companies, it can be seen that the companies that apply more CSR practices in various aspects (environmental and social) are PT. Astra Agro Lestari Tbk and PT. Indocement Tunggal Perkasa, Tbk. For the company that lacks the application of CSR practices is PT. Unilever, Tbk. The company seems to be more concerned with business and sorely lacking the social aspect.

What has been described in the annual reports may cover several theories (despite the minimum implementation), namely, (1) Moir theory (2004), on the theory of social contract, in which the principal idea of this social contract theory is how companies relate to society, (2) Instrument theory (Role) has developed CSR as a strategic tool support to achieve the goal. This economic theory confirms that businesses can choose to support several social programs for reasons of the good image of the company (public relations), competitive advantages or other strategic reasons without jeopardizing the interests of the main stakeholders, namely, the shareholders. Some of the leading proponents of the CSR strategy are Burke and Logsdon (1996), Fombrun et al. (2000), Quester and Thompson (2001), Windsor (2001), Lantos (2001 and 2002), Johnson (2003), Husted (2003), Greenfield (2004), Garriga and Mele (2004).

## 4.2. Assessing CSR practices in Sharia companies

This study of CSR Disclosure uses the GRI index (Global Reporting Initiative Index). In actual fact, Sharia companies should use a separate index. Currently, there are heated talks discussing the application of CSR in Islamic perspective. This study is still using GRI index, the data analysis is done by providing a checklist on every item that reveals social, environmental and financial activities on the annual report of the companies. If there was one item disclosed, it will receive a score of '1', if none was disclosed, it will receive a score of '0'. Provision of a checklist is based on content analysis contained in the annual report. Content analysis refers to the research conducted by Hafiz et.al (2012). The component of GRI index consists of 9 items of economic performances, 30 items of environmental performances and 40 items of social performances.

PT. Astra Agro Lestari Tbk (AALI) has done all activities related to the aspect of economy in 2011 and 2012. The same score of 0.778 was found in 2007, 2008 and 2010, including the lowest score. This meant that there were some activities related to CSR that had not been completely performed. Similarly, for the score of 0.889 that occurred in 2006, 2009 and 2013. The result of further analysis showed that the company AALI had completely conducted all activities related to environmental performances in 2010

and 2013. This was shown from the score result that reached 1 or 100 percent. The analysis of social performance was based on the score conducted which found that all social activities (40 items of questions) had been done by the company in 2013. The smallest score obtained was 0.75 in 2008. This might be caused by the global crisis, hence impacting the social activity of the company. A significant increase was seen in 2011, in which almost all social activities (0.925) were performed by the company. At the present time, it would be proper for the company AALI to conduct all the CSR, which will be a positive impact on the company's progress in the future.

PT. Indocement Tunggal Perkasa has completed all (9 items) aspects/economic performances in 2012 and 2013. The result of the analysis showed the lowest score of 0.778 occurred in 2006 and 2007. In 2008 and 2009, the company achieved a score of 1 or 100 percent, meaning that all activities in the economic aspect were performed by the company. However, in 2010 and 2011, there was a slight decline (scoring 0.889), and it increased again in 2012 and 2013. The aspect of environmental performance has been run by the company as a whole, although there are only slight activities that have not been implemented. When examined, the aspect of environmental performances has increased or was at 100 percent (scoring one from all items of the environmental aspect activities). As for the social aspect, it was found that the lowest score was 0.85 in 2006. There were several activities that have not been fully carried out by the company from the aspect/social performance.

From 2010 to 2013, PT. Bukit Asam has been fully implementing the whole or all of the activities of economic performances related to the application of CSR by adhering to GRI. The result of the analysis relating to the environmental aspect could be seen for each of the years as follows: in 2008, the company had a score of 0.700; whereas in 2009, it was 0.4667; in 2010, it scored 0.9333; while in 2011, the score was 0.6667; in 2012, the company achieved a score of 0.7667; and in 2013, the score was 1.00 (100 percent). This means that in 2013, the company had carried out all the activities or items (30 items) of questions relating to the environmental aspects in the implementation of CSR. In 2011 and 2013, the company carried out all activities of social performances, namely, all items (40 activities) with a score of one (100 percent).

PT. Telkom only carried out some of the activities of economic performances (5 items) in 2006 to 2008, by scoring 0.5556. There are several activities of economic performances that were not implemented, among others, (1) Significant financial assistance from the government, (2) Range of salary standard ratio for the level of new employees compared to the local minimum salary at a significant business location, (3) Policies, practices and proportion of spending for local suppliers at a significant

business location and (4) Procedures for hiring locals and proportion of senior management hired from the local community at a significant business location. In 2012 and 2013, the Telecommunication Company scored 0.7778. This means that there were two activities from the economic performances that were not implemented. The main concern of this Telecommunication Company was the failure to fully implement the aspect of the environmental performances. In 2006, the company only obtained a very low score of 0.1333, meaning that only four items of environmental aspect were implemented. In 2007, there were less than 30 items of the environmental aspect that were implemented. Only in 2009, the company had a score of 0.833. Telecommunications companies carried out all items of the social aspect in 2010. When further analyzed, the overall items of the social aspect of this company have been performing well, and there was an increase from 2006 to 2013.

It was found that the implementation of CSR on the economic aspect of PT. Unilever in 2012 and 2013 was already fully implemented (100 percent) or 9 items. The score results of the social aspect for eight years (2006 to 2013) were as follows; in 2006, the score was 0.6667; in 2007, the score was 0.6667; in 2008 and 2009, the score was 0.5556. The year 2011 had the minimum score of 0.4444, meaning that most of the items were not implemented. Unilever did not run all the items of environmental performances, or in other words the implementation was not optimum with regard to environmental aspects. The highest score of implementation in the environmental aspect of the company was in 2008, which was 0.8, and the lowest was in 2012, which scored 0.5333.

All the items of questions were derived from GRI (Global Reporting Index), which has no relation to the Sharia aspect, be it in the economic performances, environmental performances or social performances. It can naturally be concluded for CSR in Sharia companies (in this case that were listed in the JII) that there is no difference with other public companies in the Indonesia Stock Exchange.

Table 1 shows the performance of CSR for the economic, environmental and social aspects. The table shows the number of CSR indices for the five Sharia companies.

#### 4.2.1. Economic aspects

The sustainable report characteristics can be analyzed based on the economic aspect of the five sample companies. It can be seen that from the minimum values, the lowest value obtained was 0.3333, which indicates that in the economic aspect, the companies were only meeting the aspects of the index which is only 30 percent of the total

TABLE 1: Description of the company's CSR Index data Sharia in BEI

	N	Range	Minimum	Maximum	Sum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
ECON	40	0.6667	0.3333	1.0000	32.4449	0.811123	0.0316271	0.2000272	0.040
ENV	40	0.8667	0.1333	1.0000	30.8667	0.771668	0.0397196	0.2512089	0.063
SOC	40	0.7750	0.2250	1.0000	31.1500	0.778750	0.0347905	0.2200342	0.048
Valid N (list wise)	40								

aspects. This suggests that there is a need for a review on the operational processes associated with the economic performances of companies and the role of the society in the economy. However, if viewed from the maximum value, there is a company that is fully in compliance with the related aspects to the economic performance in the index.

The average value of the economic aspect in CSR of sample companies is 0.811, which means that if the economic aspect of CSR is averaged with sample companies, the value obtained is quite high. However, there is a gap in the economic performances in which CSR in the economic aspect is not implemented evenly between the companies.

#### 4.2.2. Environmental aspect

The maximum value of 1.000 can be analyzed in this aspect, which means that there are companies that have met all the criteria of environmental aspect in the index. However, viewing from the minimum value, there are companies that have only met 0.1333 or 13 percent of the overall criteria from the environmental aspect. It can be described that there are companies that only play a very small part in the performance of the environmental aspect and environmental sustainability. Reassessments need to be made and improved in the related companies with regard to the environmental issues.

The average value obtained was 0.7717, which indicates that if all the CSR of sample companies in the economic aspect are averaged, the value obtained from the companies has met the criteria of 77 percent of the environmental aspect. However, if viewed from the range value of 0.8667, it indicates that the apparent gap between the highest and lowest values in the environmental aspect is quite high. Hence, not

all of the sample companies have performed CSR in the environmental aspect despite having a high average value. There are companies that performed very well and there are companies that are not good enough in implementing CSR in the environmental aspect, which need improvements and intensify in the implementation of CSR in the environmental aspect. This also indicates that the environmental aspect is still very far in meeting requirements of the companies that are environmentally friendly.

#### 4.2.3. Social aspect

The social aspect of CSR of sample companies has a minimum value of 0.2250, which means it is still very low, at only 22.50 percent. However, there are sample companies that reached 100 percent with all of the criteria fulfilled. As in the previous aspects, there is also a gap in the social aspect between the companies, although the average value is quite high at 0.7788. This inequality of CSR in the social aspect can be seen from the range value which is quite high at 77.50 percent or 0.7750. The difference of the highest and the lowest values indicates that not all of the sample companies have practiced a good social aspect of CSR.

### 5. Conclusion

Corporate Social Responsibility (CSR) is an important matter for the sharia companies. In reality, these companies have not run the Islamic concept in the application of CSR. These Sharia companies included in the JII are only at the level to meet the elements, among others, (1) The production, distribution and the production process must be kosher, as well as none of the activities of the company should conflict with Islamic Sharia, (2) The companies can easily be liquidated, (3) Within the last six months, the companies had positive earnings and (4) The ratio of debt to equity does not exceed 40 percent. In other words, there are still some matters that should be applied to Sharia companies, among others, not taking loans from a conventional bank (the company's business is not related to usury) and the use of Sharia accounting standards. Jakarta Islamic Index (JII) has not put any attention to the environmental aspect of Sharia elements. Therefore, it is highly evident that Sharia companies are merely meeting the needs of investors interested in Islamic financial instruments.

Based on the analysis of the annual reports, the implementation of CSR was seen for the five Sharia companies (PT. Astra Agro Lestari Tbk, PT. Indocement Tunggal Perkasa Tbk, PT. Bukit Asam Tbk, PT. Telkom, Tbk, and PT. Unilever, Tbk) listed in the JII

from 2006 to 2013. The implementation of CSR in these companies covers all aspects of community development, environmental, education, human resources, human and social aspects, however, some of the activities of CSR in companies were not scheduled on a regular basis and follow-ups that should ideally be carried out for each activity.

Results of the annual reports showed that some companies were already implementing Sharia CSR, but in this case, it was not visible at all, especially the difference between the Sharia companies and the non-Islamic companies, similarly between CSR of Islamic concept and conventional CSR. Therefore, CSR is enforced by the government with all its laws and regulations. Undoubtedly all Sharia public companies will implement CSR. Corporate Social Responsibility is seen as a set of policies, practices and programs that are integrated into business operations, supply chains and decision-making processes of companies and usually include issues related to business ethics, investment in the community, care for the environment, governance, human rights, market and workplace.

The Islamic concept of CSR in Islamic capital markets has not been implemented for the five selected companies. The principal of CSR in Islam is in accordance with the business value of Islam, such as fairness, socioeconomic measurement, good and honest human relations (Ali and Thankom, 2005). However, in reality, Sharia companies registered in JII have not clearly described the implementation of their CSR.

In the case of Indonesia, the importance of CSR has been regulated in Law No. 25 of 2007 on Investment and Law No. 40 of Year 2007 regarding the Limited Liability Companies (Company Law) which was passed on July 20, 2007. The findings in the annual reports of Sharia companies have not fully met the requirements detailed in the legislation.

Corporate Social Responsibility Disclosure in this study uses the GRI index (Global Reporting Initiative Index). In actual fact, Sharia companies should use a separate index. Currently, there are heated talks discussing the application of CSR from Islamic perspective. This study is still using GRI index due to the absence of Sharia CSR index, except for Islamic banking. The results of the analysis are tantamount between GRI and non-Islamic companies. The selected Sharia companies have not optimally implemented CSR; in which only in certain years have they obtained a score of 100 percent.

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