



Development of an Index for Measuring Islamic Bank CSR Disclosures in Indonesia

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ABSTRACT

Measuring the disclosure of social activities carried out by Islamic banks is very important. However, the results of measuring the disclosure of social activities of Islamic banks in Indonesia still need to be higher when measured by the current CSR disclosure measurement index. The CSR disclosure measurement index often used in related research comes from research results in various countries in the Middle East and Southeast Asia. This is one of the considerations that causes the level of CSR disclosure of Islamic banks in Indonesia to be relatively low. Studies on developing an index for measuring CSR disclosure of Islamic banks in Indonesia are based on Sharia enterprise theory (SET). Based on the results of literacy studies of related research conducted in the Middle East, Southeast Asia, and Indonesia, several assessment dimension criteria need to be developed, including those related to the obligation of Islamic banks to report their social activities from the start of their establishment, environmental awareness education for employees, use of environmentally friendly materials. to support operational activities and collaboration with social communities in order to achieve acceleration and equal distribution of community welfare.

Keywords: *CSR Measurement Index; CSR; Islamic bank; Indonesia*

A. INTRODUCTION

Understanding of Islamic Sharia in business is growing, causing an increase in the application of Islamic Sharia in business implementation (Rosmanidar et al., 2021). Currently, in Indonesia, Islamic sharia is mainly applied to financial institutions, although many other business sectors also apply Islamic business principles. Financial institutions that operate based on Islamic sharia are required to be able to realize Islamic business concepts, as are Islamic banks. Business in Islam is not only related to profit, but the most important are the blessings and benefits resulting from business activities (Baydoun et al., 2018). Business blessings are achieved through business people's obedience to business regulations in Islam (UII, 2019). Business benefits are aimed at society as a whole. In Islam, business activities must provide benefits to the ummah. Benefits for society will lead the business to continuity or business continuity. There are many ways that business entities can spread benefits to society. Business entities can benefit from operational activities, products or services produced, and other

activities. One of the means that Islamic banks widely use to create benefits in society is to realize social activities in business. Social activities can be a way for banks to spread benefits to society.

In contrast to social activities carried out by individuals, social activities carried out by business units, including Islamic banks, need to be reported (Government of the Republic of Indonesia, 2012). Of course, the implementation of social activities in business needs to be accountable to stakeholders through reporting (Irianti, 2020). Reporting on social activities for banks is a means of providing information to stakeholders as well as a form of business accountability.

Reporting on social activities carried out by banks needs to be adjusted to generally accepted standards. Reporting on business social activities is called Corporate Social Responsibility (CSR) disclosure. Currently, disclosure of Corporate Social Responsibility (CSR) has become an essential part for institutions that base their activities on Islamic sharia in order to fulfill their obligations in providing a good business picture as well as being used as material for evaluating business activities regarding the problems of the ummah (Baydoun et al., 2018; Farook, 2008). CSR disclosures are usually presented in Islamic bank annual reports. Through CSR disclosure, Islamic banks show social concern in business, which is part of their efforts to achieve benefits. Information regarding CSR disclosed by Islamic banks must provide optimal understanding for the public regarding the impact of business activities on the welfare of the people, so it is necessary to combine social and religious values (Afifudin, 2016). There is no separation between social, business, and religious life in Islam. All types of life are interconnected so that blessings can be obtained in their implementation. Islamic banks must consciously disclose social activities as a form of responsibility toward stakeholders to increase stakeholder trust in their business (Awaliyah & Vestari, 2018; Baydoun et al., 2018; Puspita, 2015). Trust is a valuable asset in business; therefore, gaining the trust of stakeholders can ensure that business activities can be maintained sustainably.

Reporting on social activities according to Islamic views must be transparent, comprehensive, and socially accountable (Baydoun et al., 2018; Lestari, 2013). This is intended so that the information in Islamic bank social activity reports does not give rise to misinterpretation and can be measured. The transparent and comprehensive nature makes Islamic bank CSR reporting measurable. Of course, measurements can be carried out using instruments generally accepted and appropriate to a region or country's conditions to obtain accurate measurement results. Measurement of social activity is also based on the regulations that apply in a country, the prevailing social culture, and others. The results of measuring CSR reports can be used as a means of social responsibility towards society, showing the extent to which Islamic banks are running in the Islamic business concept. Islamic bank social activity reporting aims to provide information regarding the contribution of business activities to the welfare of the people and to synchronize business activities with business provisions in Islam (Maali et al., 2006). This method is used to achieve the main focus of Islamic business concepts, namely the ummah's blessing and benefit.

The Islamic business concept in Indonesia is very popularly applied to financial institutions such as Islamic banks, Sharia cooperatives, and other financial institutions. Islamic banks in Indonesia produce many Sharia financial products, both regular and digital financial products. In the field of Islamic bank CSR disclosure, Indonesia can become the country with the best level of voluntary CSR reporting (Farak et al., 2014; Hassan & Harahap, 2010; Kasih, 2017). Indonesia is a country with the largest number of Muslims, which certainly influences understanding in the disclosure of social business activities (Kasih, 2017). Islamic banks in Indonesia are also encouraged by applicable laws and regulations to carry out regular CSR disclosures (Government of the Republic of Indonesia, 2012). This strongly encourages Islamic banks operating in Indonesia to continuously increase the transfer of information regarding CSR implementation to the public. Even though Indonesia is a country with the highest level of voluntary CSR disclosure, it has not yet practiced more comprehensive CSR reporting (Ahmed & El-belihy, 2017). This is due to the perceived weakness of government regulations regarding the implementation and disclosure of CSR for Islamic banks as a whole (Adnan et al., 2018; Ahmed & El-belihy, 2017). The government can implement strong encouragement by establishing a special department that regulates and supervises the implementation of business actors' social activities and their disclosure.

Indonesia, as the country with the largest number of Muslims, needs to increase its understanding of CSR disclosures that are in accordance with Islamic law and are more comprehensive. When compared with the currently valid CSR measurement index, the conformity of Islamic bank CSR disclosures in Indonesia with the applicable measurement index is relatively low (Farak et al., 2014; Hassan & Harahap, 2010; Meutia & Febrianti, 2017; Nugraheni & Khasanah, 2019). Indonesia is one of the countries where Islamic banks have not yet fully implemented the assessment dimensions in the CSR measurement index (Rosmanidar et al., 2021). Even though the Indonesian government in Law No. 47 of 2012, articles 2 and 6 encourages industries operating in Indonesia to contribute to social activities and report them (Government of the Republic of Indonesia, 2012).

The low number of CSR disclosures for Islamic banks in Indonesia could be caused by a lack of conformity between the measurement index used and the social environmental conditions prevailing in Indonesia. The Islamic bank CSR measurement index that has been used in previous studies comes from the results of studies from various countries. CSR measurement indices that are often used in research include the Global Reporting Index (GRI) w, which is set by the United Nations (UN) and applies internationally a.nIt does not differentiate between conventional and Sharia business characteristics. Of course, not all of the CSR measurement points in the GRI can be applied to the social activities of Islamic banks in Indonesia because of differences in the sharia concept applied and the social culture that applies in Indonesia. Another measurement index, namely the Ethical Identity Index (EII), is a CSR measurement index developed by Hanifah and Hudaib (2007). EII is a CSR measurement index developed in the Middle East region, so it is possible that some points in the CSR measurement index are not in accordance with current time, social and cultural conditions in Indonesia. A

CSR measurement index that is quite popular in related research is the Islamic Reporting Index (ISR) developed by Othman (2009). ISR was developed from Hanifa and Hudaib's (2007) CSR measurement index, which was adapted to the regulations in force in Malaysia. Therefore, there is still the possibility of a discrepancy between the measurement points and the time, social and cultural conditions in Indonesia. Apart from that, based on the concept of Sharia enterprise theory (SET), measuring CSR of Islamic banks should be able to measure the level of concern of Islamic banks towards nature (Muchtamarini & Jalaluddin, 2020; Pramiana & Anisah, 2018). Based on this problem, a more in-depth study is needed to adapt the previously applicable CSR disclosure measurement index to conditions in Indonesia, more specifically, so that more accurate results of measuring CSR disclosure for Islamic banks in Indonesia can be obtained.

This research aims to develop a CSR measurement index that is more appropriate to the social, time and cultural characteristics of Indonesia. The development of a CSR disclosure measurement index in this research is expected to be able to increase the accuracy of CSR disclosure measurement results for Islamic banks operating in Indonesia. Every development found in this research is new in the process of measuring CSR disclosure for Islamic banks operating in Indonesia.

B. LITERATURE REVIEW

Corporate Social Responsibility (CSR)

In accordance with Islamic business objectives, companies that base their activities on Islamic sharia need to prioritize the benefits of others. The welfare of the people is an important key in carrying out business in Islam because the main goal of business is not only to obtain high profits but also high benefits for society. The realization of social activities carried out by Islamic banks needs to be documented as a means of transferring information and as a material for assessing the achievement of business goals. Islamic banks are currently increasingly paying attention to the implementation and reporting of CSR activities because it is an important component in achieving social accountability (Irianti, 2020). As an Islamic business unit, the company's operational sustainability is not only determined by its ability to make a profit but also determined by its involvement in social activities and nature conservation (Baydoun et al., 2018). Profit is a measure of a company's ability to finance its operational activities, while involvement in social activities can increase public trust in the company. Involvement in social society makes Islamic banks able to realize their main business goals and provide broad benefits to society. Apart from its obligations to the wider community, Islamic banks also have an obligation to preserve nature. This statement is in line with the concept of Sharia enterprise theory (SET) (Muchtamarini & Jalaluddin, 2020). Nature is one of the goals of providing benefits to Islamic banks. The ability of Islamic banks to preserve nature and the environment is a form of business responsibility. The basis for implementing corporate CSR activities in Islam is written in the Al-Quran and Hadith where companies are obliged to improve the welfare of others and protect the environment (Baydoun et al., 2018). Meanwhile, the obligation to carry out social activities in Indonesia is based on Law no. 7 of 2007 article 1(3). This shows that there is harmony between business rules in Islam and legislation related to social activities that apply in Indonesia.

Social activities carried out by companies must be reported as regulated in PSAK No.1 Paragraph 9 (Irianti, 2020). In Islamic sharia, making reports on corporate social activities is an obligation because it is able to describe harmonization between the company and its surrounding environment (Baydoun et al., 2018). Legislation, accounting standards in force in Indonesia, and business obligations in Islam pay great attention to the reporting of social activities carried out by Islamic banks. CSR reporting can indirectly increase a company's ability to earn profits, maintain sustainability, and increase stakeholder trust in the company, and it can also contribute to decision-making (Baydoun et al., 2018). CSR reporting is a record of the social activities of Islamic banks in an effort to improve the welfare of society so that CSR disclosures can be taken into consideration by stakeholders, especially users of Islamic bank service products, to remain loyal. The loyalty of users of Islamic banking services can contribute to increasing profits. CSR disclosures carried out by Islamic banks are also useful in determining the direction and policies that will be taken by management in subsequent business activities.

Business institutions that are based on Islamic Sharia have an obligation to be able to change the community and natural environment for the better (Bukhari & Rahman, 2015; Hussein, 2018). Islamic banks have more obligations than other financial institutions because apart from making a profit, maintaining business continuity also requires preserving nature and the environment and realizing community welfare. All of these challenges can be achieved by realizing social responsibility through activities to preserve the natural environment and improve community welfare. All social activities of Islamic banks need to be conveyed to the public in the hope that the public will trust the institution (Hussein, 2018). Of course, disclosure of Islamic bank CSR activities must be adjusted to Sharia principles and make it easy for readers to understand the results of the social activities that have been carried out (Bukhari & Rahman, 2015; Maali et al., 2006). CSR reports are presented in a generally accepted format and language that is easily understood by the public. The presentation of CSR reports in Islamic bank annual reports is made in detail and comprehensively so that the information can be conveyed well. For Islamic banks, the social activities that have been carried out should be the part that is most widely disclosed (Rahman & Bukair, 2013). The more detailed the information on social activities is presented, the easier it will be for stakeholders to understand and measure the extent of a sharia financial institution's commitment to fulfilling its business objectives in social life.

CSR Disclosure Measurement Index

In order to obtain an assessment regarding ideal CSR reporting, a special measurement index is needed. The CSR reporting measurement index based on previous studies is presented in Table 1.

Table 1. CSR Measurement Index

| Indeks Pengukuran | Pengembang |
|-------------------------------------|---------------------|
| <i>Global Reporting Index (GRI)</i> | United Nations (UN) |

| | |
|---------------------------------------|---------------------------|
| <i>Islamic Social Reporting (ISR)</i> | Othman (2009) |
| <i>Ethical Identity Index (EII)</i> | Hanifah dan Hudaib (2007) |

Source:(Awaliyah & Vestari, 2018, Analisis Pengungkapan Corporate Social Responsibility Perbankan Syariah di Indonesia. *Jurnal Masigma*)

The most widely used CSR measurement index is the Global Reporting Index (GRI) published by the United Nations (UN), which is a CSR measurement index for companies that base their activities on conventional and sharia economic provisions. There are no specifications in its use, so if it is used to measure CSR disclosure of Islamic banks, there will be quite significant differences. Based on previous research, it is known that for Islamic banks the use of CSR measurement indices with EII and ISR is more appropriate than GRI because the EII and ISR indices are widely used and developed by countries in the Middle East and Malaysia, while GRI is a CSR measurement index that is more global in nature (Awaliyah & Vestari, 2018).

Along with the increasingly advanced research results related to CSR measurement indices, especially for sharia business entities, a CSR measurement index for Islamic banks has emerged which is a combination of the EII index and the ISR index, namely the CSR disclosure measurement index developed by Rahman and Bukair (2013) (Awaliyah & Vestari , 2018). The Rahman & Bukair (2013) CSR measurement index, which is a development of the EII and ISR, contains more complex assessment dimensions. The dimensions measured in the EII, ISR and Rahman & Bukair (2013) indices are presented in Table 2.

Table 2. Dimensions of the CSR Disclosure Measurement Index

| CSR Disclosure Measurement Index | Measurement Dimensions |
|---|---|
| <i>Ethical Identity Index (EII)</i> | <ol style="list-style-type: none"> 1. Company vision and mission 2. Directors and top management 3. Products 4. Qard Hassan 5. Employees 6. Debtor 7. Community 8. Environment 9. Sharia supervisory board |
| <i>Islamic Social Reporting (ISR)</i> | <ol style="list-style-type: none"> 1. Finance and investment 2. Products and services 3. Employees 4. Society 5. Environment 6. Corporate governance |
| <i>Rahman & Bukair index (2013)</i> | <ol style="list-style-type: none"> 1. Vision and mission statement 2. Sharia supervisory board 3. Illegal transactions 4. Zakat |

| | |
|--|--|
| | <ol style="list-style-type: none"> 5. Qard Hassan 6. Religion & social activities 7. Employees 8. Late Repayment and Insolvent Clients 9. Environment 10. Products & services 11. Customers 12. Poverty 13. Community involvement in implementing social activities |
|--|--|

Source: (Awaliyah & Vestari, 2018; Othman et al., 2009; Rahman & Bukair, 2013)

The measurement index developed by Rahman & Bukair (2013) was developed in Middle Eastern countries so that its implementation in Indonesia requires several adjustments related to applicable laws and regulations, time, socio-cultural and sociocultural conditions in Indonesia. The use of the CSR measurement index Rahman & Bukair (2013) to develop in this research is based on the complexity of the CSR measurement index (Awaliyah & Vestari, 2018). Rahman & Bukair's CSR measurement index (2013) was produced from observations of the implementation of CSR activities of Islamic banks in the Asian region, resulting in a fairly high level of similarity with conditions in Indonesia (Bukair & Rahman, 2015).

C. METHODOLOGY

This research is qualitative research which aims to develop a previously existing CSR measurement index. The CSR disclosure measurement index in previous studies was readjusted to the conditions prevailing in Indonesia. Adjustments are related to regulations, time conditions, social culture, and the environment in Indonesia (Awaliyah & Vestari, 2018). The data in this research is secondary data consisting of scientific documents related to CSR and its measurement indices. Data was collected using the documentation method. International scientific articles are used to complement study results related to global CSR measurement indices. Meanwhile, articles, laws, government regulations and books on the development of Islamic CSR in Indonesia are important documents in finding developments in measuring CSR disclosures that are more Indonesian in spirit. The research begins with a presentation regarding the importance of refining the CSR measurement index that has existed in previous studies so that it is more appropriate to the conditions of Islamic banks in Indonesia. Next, a literacy study was carried out regarding the development of the CSR measurement index and the CSR conditions of Islamic banks in Indonesia. The next process is to reveal developments that have occurred in the CSR measurement index for Islamic banks that are in accordance with conditions in Indonesia based on the results of the study. The research process is presented in Figure 1.

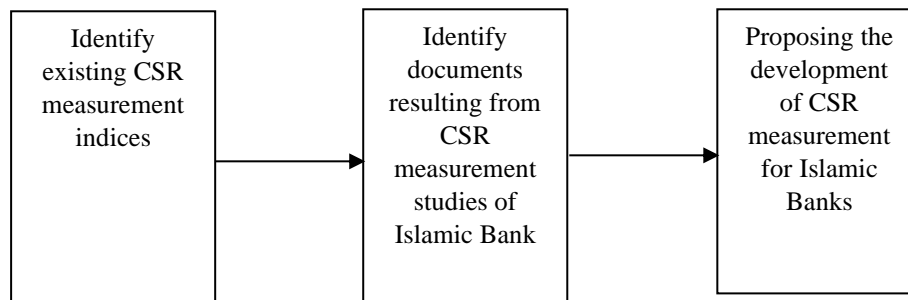


Figure 1. Research Process

D. DISCUSSION AND FINDINGS

RESULTS

The research developed a CSR measurement index from Rahman & Bukair (2013) to suit the conditions prevailing in Indonesia so that the results of measuring CSR disclosure of Islamic banks in Indonesia will be more accurate. The CSR disclosure measurement index by Rahman and Bukair (2013) consists of 13 measurement dimensions and is a newer measurement index compared to EII (2007) and ISR (2009). The measurement dimensions of the CSR disclosure measurement index by Rahman and Bukair (2013) in more detail are as follows:

1. Dimensions of Vision and Mission Statements

This dimension measures the seriousness of Islamic banks in carrying out business activities according to sharia principles and their seriousness in realizing blessings in their business activities (Rahman & Bukair, 2013; Maali et al., 2006). Not only does it measure the seriousness of Islamic banks in fulfilling their obligations to Allah SWT but also measures their responsibility towards the progress of the company and investors. In this dimension, the commitment of Islamic banks in realizing Islamic business goals is clearly expressed in the vision and mission of Islamic banks.

2. Dimensions of the Sharia Supervisory Board

This dimension measures the suitability between the educational background and experience of members of the Sharia Supervisory Board in Islamic banks. Apart from that, the benefits provided as benefits to members of the Sharia Supervisory Board are also measured. The performance of the members of the Sharia Supervisory Board is also measured by the number of discussions held and the products produced in the form of opinions that are useful for the development of Islamic banking businesses, products and services. The CSR report needs to present important information related to the Sharia Supervisory Board in detail. Information regarding the Sharia Supervisory Board is able to increase the credibility of sharia financial institutions and increase stakeholder trust.

3. Dimensions of Haram Transactions

The seriousness of Islamic banks in avoiding and resolving haram transactions is measured in this dimension. Islamic banks need to include treatment and reasons if the results of haram

transactions are still received. For example, transactions that are still related to conventional financial institutions. After that, Islamic banks also need to provide the Sharia Supervisory Board's views on the transaction. This aims to ensure that Islamic banks can use the report as evaluation material to improve the system and create transparency in business activities.

4. Dimensions of Zakat

In this dimension, the source, use, and calculation of zakat must be measured and presented in detail. Islamic banks must provide clear information regarding the zakat distributed to stakeholders so that transparency is maintained. Likewise, zakat that has not been distributed must still be included in the CSR reporting, both the amount and the reasons for it not being distributed. With this reporting, stakeholder trust in Islamic banks will be maintained and even increased.

5. Dimensions of Qard Hassan

Islamic banks should provide sources of benevolent loan funds (card Hassan). This dimension measures disclosures related to the calculation of funds available for benevolent loans and the procedures applicable to disbursement of benevolent loans. Furthermore, Islamic banks are also required to inform them of the policies they have taken to deal with loans whose payments are not smooth. This dimension measures the transparency of Islamic banks in handling benevolent loans.

6. Dimensions of Charity and Social Activities

This dimension measures the transparency of Islamic banks in communicating the sources and use of their charitable funds to stakeholders. Stakeholders are expected to be able to understand every social activity carried out by Islamic banks as a form of realization of Islamic business goals.

7. Employee Dimensions

Islamic banks need to disclose the qualifications of employees working and their number. One of the business objectives of Islamic banks in increasing benefits is to pay attention to the welfare of their employees physically and mentally. Sharia banks need to disclose the facilities provided to employees and the awards given as a form of appreciation for employee performance. Islamic banks also need to guarantee equal treatment of male and female employees. This is intended to create a comfortable working environment.

8. Dimensions of Late Repayment and Bankrupt Clients

Islamic banks need to determine the policies they will implement if they encounter late paying customers or even customers who are bankrupt and no longer able to pay their loans. Any fines (if any) imposed for late payments need to be documented in the CSR reporting. This dimension measures the transparency of Islamic banks in determining policies for clients who are not fluent in installment payments and handling clients who go bankrupt. Islamic banks are obliged to continue to act wisely even in less than ideal conditions.

9. Environmental Dimensions

One of the obligations of business people in Islam is towards nature (Baydoun et al., 2018). Islamic banks' concern for nature and environmental preservation is the main focus in this dimension. This concern can be reflected in the involvement of Islamic banks in efforts to preserve the environment and wildlife. The involvement of Islamic banks in the environment is proven by actions in the form of financing environmental conservation efforts. As business entities, Islamic banks are also required to save energy in their activities as a form of concern for the environment. This dimension measures the real actions of Islamic banks in environmental conservation efforts. The measurement is not only based on the energy saving steps taken and attempted by Islamic banks but also relates to the seriousness of Islamic banks in using environmentally friendly materials to support their operational activities.

10. Dimensions of products and services

In this dimension, Islamic banks need to ensure the conformity of the products and services offered with Islamic Sharia, proven by an official statement from the Sharia Supervisory Board. In addition to products and services that comply with Islamic regulations, Islamic banks need to ensure that the way they market their products and services is in accordance with Islamic sharia. As an institution that wants to achieve good financial performance, Islamic banks must also create innovation and diversity in the products and services offered so that stakeholders are able to achieve satisfaction in transactions. However, of course, the service and product innovations offered are in accordance with Islamic law.

11. Customer Dimension

Customers are the most important part of Islamic banking business activities. Customer satisfaction with Islamic banking products and services is one of the benchmarks that needs to be considered. Apart from that, Islamic banks must be able to find customers' hopes and desires. Islamic banks must also provide good service to customers in various conditions. This dimension measures how Islamic banks are able to provide the best service to customers.

12. Dimensions of Poverty

The poverty dimension is a dimension added to Rahman & Bukair's (2013) CSR disclosure measurement index. This dimension measures the efforts made by Islamic banks in efforts to alleviate poverty. All programs prepared by Islamic banks to alleviate poverty need to be conveyed in CSR reporting. In order to completely eradicate poverty, Islamic banks have programs to absorb workers from people with disabilities. It is necessary to express clearly and in detail the steps that Islamic banks have taken in the process of alleviating poverty.

13. Dimensions of Other Aspects of Community Engagement

Islamic banks are also required to be active in community activities in order to be able to achieve their business goals, namely improving community welfare. Sponsorship in social activities in the community is one manifestation of Islamic banking's concern for the community. The activeness of Islamic banks in making government activities success is also one of the benchmarks in this dimension.

DISCUSSION

Rahman & Bukair's (2013) CSR disclosure measurement index was developed in Middle Eastern and Asian countries. The use of this measurement index can actually be used globally, but it would be better if the CSR disclosure measurement index was developed in accordance with the conditions in the country that is the object of measurement. This is intended to make the CSR disclosure measurement results more accurate so as to increase the conformity between Islamic bank CSR disclosure assessment figures and the measurement index. The CSR disclosure measurement index from Rahman & Bukair (2013) can be developed in accordance with the conditions prevailing in Indonesia. This adjustment was made because, of course, there are differences between the regulations that apply in the Middle East region and Indonesia, even though they are both in the Asian region. Apart from that, the conditions of time, social culture, and the natural environment also have differences. However, overall the CSR disclosure measurement index developed by Rahman & Bukair (2013) can still be used globally.

The development of the CSR measurement index for Islamic banks is based on the results of literacy studies of previous related research. The development of a CSR disclosure measurement index focuses on the same number of dimensions and dimensions but there are additions to the detailed assessment points. The aim of reporting Islamic bank social activities is to increase transparency and social accountability (Afifudin, 2016). Based on this statement, it is necessary to increase information regarding all social activities carried out by Islamic banks. The development of a CSR disclosure measurement index is intended to increase the achievements of Islamic banks in terms of transparency so that they are able to increase their social accountability. Transparency in CSR disclosure is able to increase stakeholder trust so that social accountability can be realized.

The addition of assessment criteria begins with the first dimension related to the vision and mission statement of Islamic banks. In this dimension, Islamic banks must ensure that all their activities are included in the reporting. One of the obligations that Islamic banks must fulfill is to report their activities from the beginning of their establishment (Baydoun et al., 2018) and throughout their operational activities (Triyuwono, 2012). The obligation of Islamic banks to disclose activities, both operational activities and social activities, starts from their founding. The establishment of an Islamic bank needs to be done carefully and not haphazardly because Islamic banks have an obligation to report all their activities from the moment they are established. Activity reporting is part of the steps to realize transparency. Stakeholders are able to follow every development that occurs at the bank. Reporting on social activities since the beginning of the establishment of Islamic banks can be used as evaluation material for both Islamic banks and stakeholders. Stakeholders are able to openly convey the results of their evaluation of the social activities of sharia banks. Input from stakeholders from time to time can be used as material for improving the quality of Islamic banks in operational activities and social activities. Islamic banks also need to always carry out regular reporting within one period. Reporting on social activities is not only submitted in annual reports, but can also be submitted periodically through other media. Reporting on CSR activities can be done through

social media, newspapers, television and other supporting media. This is intended so that the public can monitor and assess the commitment of Islamic banks in fulfilling their obligations in realizing the benefit of the ummah. In Indonesia, large-scale Islamic banks have disclosed their social activities through social media, television and newspapers. In addition, Islamic banks in Indonesia transparently disclose their social activities in CSR reports contained in annual reports. The obstacle that occurs in CSR disclosure through annual reports is the lack of people who read Islamic bank annual reports. Only certain groups of people regularly read the CSR reports contained in the annual reports of Islamic banks. It would be better if Islamic banks also briefly, concisely and clearly socialize their annual CSR reports via social media or other popular media.

Other measurement criteria are added to the environmental dimension. In accordance with the Sharia enterprise theory (SET) concept, business institutions need to spread benefits both to elements related to business and to the natural environment (Muchtamarini & Jalaluddin, 2020; Pramiana & Anisah, 2018). The added criteria relate to Islamic banks' efforts to preserve the natural environment. The business in question is connected to employees, where Islamic banks must provide education for employees regarding the environment. Education and awareness to preserve the environment for Islamic bank employees is important. With high awareness of environmental preservation, Islamic bank employees can become a tool to spread the benefits of Islamic banking for the natural environment. Islamic bank employees should be given training regarding environmental conservation efforts, including education on the use of office equipment made from environmentally friendly materials (Yusuf, 2017). Islamic Banks must start taking concrete steps in environmental conservation efforts. There are two criteria added to the environmental dimension, namely environmental awareness education for employees organized or encouraged by Islamic banks and the use of environmentally friendly materials in carrying out operational activities. The use of environmentally friendly materials to support operational activities can be designed by Islamic bank management and realized immediately. Islamic Bank can be an inspiration for other business entities in environmental conservation efforts. This is in accordance with the character of business in Islam, which always provides benefits to nature and the environment (Baydoun et al., 2018). These added criteria must be included in the Islamic bank's CSR report so that it can provide a view to the public regarding the seriousness of Islamic banks in environmental conservation efforts. In Indonesia, environmental conservation education for Islamic bank employees and the use of environmentally friendly office equipment is an important part of reducing paper consumption and protecting forests.

The next dimension that was developed was another aspect of community involvement. The aim of Islamic banks to realize community welfare is certainly difficult to achieve in a short time without cooperation with other parties. In terms of equal distribution of social welfare, it is necessary to involve communities that have the same social vision and mission. In Indonesia, many communities engaged in social activities collaborate with Islamic banks to achieve just and equitable social welfare (Anwar, 2018; Darsono et al., 2017). The collaboration between

Islamic banks and communities working in the social sector is a unique form. Islamic banks in other countries do not all do the same thing, but in Indonesia, almost all Islamic banks collaborate with communities engaged in the social sector. It is not uncommon for Islamic banks to collaborate with zakat, infaq, and sadaqah distribution institutions to accelerate the achievement of equitable welfare for society. This assessment point needs to be added to the CSR disclosure measurement index for Islamic banks in Indonesia because it can increase the suitability of the measurement index and the realization of social activities. Collaboration between Islamic banks and communities in efforts to achieve community welfare must be included in CSR reporting because it is a form of concentration for Islamic banks in achieving their business goals.

The assessment points added to the measurement dimensions of Islamic bank CSR disclosure that have been explained are the results of related research conducted in Indonesia. Therefore, there are peculiarities in these assessment points that may not be applied in other countries. The development of a CSR disclosure measurement index based on the characteristics of conditions in Indonesia can be applied to measure the level of CSR disclosure of Islamic banks in Indonesia more accurately.

E. CONCLUSION

The Islamic bank CSR disclosure measurement index has experienced various developments. To measure the level of CSR disclosure of Islamic banks, a measurement index that is appropriate to the character of Islamic banks and regional conditions is needed. The development of CSR disclosure measurement indices must occur in line with the development of research in this field. Rahman and Bukair's (2013) CSR disclosure measurement index has experienced developments in terms of assessment criteria. There are several additional assessment points for development results, but the assessment dimensions in Rahman & Bukair's (2013) CSR disclosure measurement index have not changed. Development was carried out based on the results of related research conducted in Indonesia. The development of an index for measuring CSR disclosure of Islamic banks consists of:

1. The obligation to report social activities from the beginning of its establishment is part of the dimensions of the Islamic bank's vision and mission statement.
2. Further development occurred in the environmental dimension, where assessment points were added to the criteria for environmental awareness education for Islamic bank employees, as well as the use of environmentally friendly materials to support operational activities.
3. Other developments are carried out in other dimensions of community involvement, where collaboration with social communities to accelerate achievement and equal distribution of community welfare are added assessment points. The added assessment criteria are typical conditions that occur in Indonesia and may also occur in other countries.

This research is based on the development of several studies related to CSR in Indonesia. By developing a CSR disclosure measurement index that is appropriate to conditions in

Indonesia, it is hoped that the level of CSR disclosure of Islamic banks in Indonesia will be more in line with the measurement index. This research uses secondary data in the form of scientific articles, books, laws, and government regulations so that other, more varied study materials are needed to produce a more comprehensive measurement index. It is hoped that future research will be able to present the results of a more in-depth study regarding the development of a CSR disclosure measurement index. Furthermore, further research can implement the development of an index measuring CSR disclosure of Islamic banks in more real conditions.

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