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***Maqashid Syari'ah* in Practical Sustainability Report: A Case Study of BUMN in South Sumatra**

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Abstract: The purpose of this study was to determine the effect of economic, environmental and social aspects on the form of disclosure of *maqashid syari'ah* in the sustainability report company's. The data used is individual data with a sample of 352 people who work for state-owned companies operating in the South Sumatra region. This study uses quantitative methods by applying multiple linear regression models. The findings in this study indicate that jointly the indicators adopted from the Global Reporting Initiative (GRI) grouped on economic, environmental, and social aspects have a significant and positive effect on the disclosure of *Maqashid Syari'ah* in the sustainability reports. The implication of this research implicitly reveals that GRI indicators covering economic, environmental, and social aspects in companies have a big role in realizing goodness while avoiding bad, or benefit (*maslahat*) and rejecting *madharat*.

Keywords: Environmental, Sustainability Reporting, *Maqashid Syari'ah*.

Introduction

The importance of environmental sustainability for human survival has caused environmental issues to be the most discussed topic in the last decade. These issues affect the business and operational activities of an entity. This causes the entity not only to focus on profit optimization but also to pay attention to environmental issues, particularly the environment in which the entity operates. The entity's follow-up concern with this issue is accounting, with the application of environmental cost calculations in disclosing environmental information as result of the business activities and operations of an entity. There are expectations from various parties regarding accounting in the future that produces green accounting information that are relevant, reliable, and comparable for all parties in assessing and making economic decisions that are more friendly to society and environment (Lako, 2018). The United States Environment Protection Agency (US-EPA)

divides green accounting into two main dimensions; (1) cost that directly impact the entity as a whole; (2) an individual, community, and environmental entity expense that can't be accounted for. The implementation of the green accounting policy in a business entity known as Corporate Social Responsibility (CSR) which is a form of responsibility for environmental impacts arising from operational and business activities in a business entity. Factors that must be fulfilled by an entity as a form of concern for the entity towards an environment are: (1). Having attention to the environment (Environmental Awareness) itself, then followed by; (2). The organization's involvement in environmental issues (Environmental Involvement); (3). Environmental Reporting; (4). Environmental Auditing to measure and evaluate organizational performance.

Sustainable development is a concept that meet the needs of today's life. Humans must not interfere with the ability of the next generation to meet the needs of their future lives. Based on this concept, the concept of sustainability management emerged the company benefits in implementing sustainability management, namely: (1). Caring more about the community and the environment. So that the company does not only pursue profit, but also maintains and provides value added to society and the environment; (2). Improving the good name/reputation of the company, so that a positive image maintained; (3). Reducing the impact of risks that adversely affect the company; (4). Improving company competitiveness (competitive advantage); (5). Increasing the trust of shareholders and other stakeholders; (6). Investing analysis materials for investors (Socially Responsible Investment/SRI). Global Reporting Initiative (GRI) issues guidelines that can be used to measure sustainability management practices in the form of GRI Sustainability Reporting Guidelines by showing several important elements related to 3 aspects, namely economy, environment and human/social or triple bottom line (Profit, Planet & People). Sustainability Reporting is a report made by a company to measure, disclose, and account the company's efforts to become an accountable company for all stakeholders for the purpose of company performance towards sustainable development. Companies that go public have an obligation to make a sustainability report in accordance with the mandate of Article 66 Paragraph 2 of Law No. 40 of 2007 concerning Limited Liability Companies. Bapepam-LK has issued a regulation requiring public companies to disclose their CSR activities in their annual reports. Through the implementation of Sustainability Reporting, it is expected that the company can develop in a sustainable growth based on business ethics.

Islamic law has three objectives, namely; (1). Purifying the soul, which means that humans are able to act as a source of goodness for society and the environment which can only be achieved if humans worship Allah SWT properly; (2). Upholding justice in society that includes justice in every aspect of life as described in the Qur'an Surah Al Ma'idah verse 8; and; (3). Realizing human benefit that is an effort of *Maqashid Syari'ah* which consists of five main elements, namely maintaining religion, maintaining soul, maintaining reason, maintaining descendants, and maintaining property. Islamic legal theorists make *Maqashid al-syari'ah* something that understood by *mujtahids* who carry out *ijtihad*. The essence of the theory of *Maqashid al-syari'ah* is to do goodness as well as avoid badness. The term that corresponds to the essence of *Maqashid al-syari'ah* is *maslahat*, because the establishment of law in Islam must lead to *maslahat*. Islam as *Rahmatan lil A'lamin* strongly emphasizes its people to preserve and be wise to nature. Humans created as caliphs on earth with the aim of always doing goodness for all, not only for fellow humans but also for the surrounding environment. *Syari'ah* Enterprise Theory (SET) stated that the stakeholders of an entity are not only to the owner, but also to the natural and human environment around the entity

operating and also to Allah SWT as the owner of the universe. In conclusion, *Maqashid Syari'ah* is the goal of all activities based on Islamic law.

Cahya & Rohmah (2019) proved that companies that implement social activity reporting have a strategic level of the Islamic responsibility continuum. The impact of this implementation causes a holistic effect of the company's operational activities that culminate in and connect with *Maqashid Syari'ah*. *Maqashid Syari'ah* based sustainable development is development that focuses on basic human needs based on 5 main benefits through the process of production or development. Fulfillment of the basic needs of each individual will correlate with an increase in welfare which will have a positive impact on *Maqashid Syari'ah* (Mas'ari, 2017). Sustainable development goals are providing Islamic Finance an opportunity to redefine their roles relating to people empowerment, socio-economic development and the environment. SDG goals and standards have parallels significance and application with Islamic Finance (Julia, Kassim, & Ali, 2018). Mukhlisin (2021) stated that the results show that each standard has a unique level of relevance to maqashid shari'ah, IFRS is solid in advancing the public interest (43%) and educating individuals (36%), AAOIFI is advancing in educating individuals (35%) although it is quite close to the IFRS score, while PSAK Syariah is convincing in upholding justice (53%).

Research conducted by Julia et al., (2018) proves that sustainable development of Green Frims is positively related to *Maqashid Syari'ah*, and green firm activities are in line with *Syari'ah*. From this explanation, it can be concluded that there is a close relationship between sustainable development and *Maqashid Syari'ah*, so this is how this study was conducted. With the object of research from two state-owned manufacturing companies in South Sumatra, this study will prove that the implementation of sustainable development activities carried out by these companies has a positive impact and is in line with *Maqashid Syari'ah*. The motivation of this research is to prove that the implementation of the Sustainability Report absorbs the values of *Maqashid Syari'ah*. This is because the purpose of the sustainability report hand-in-hand with that form factor maqashid itself, like maintaining soul, and maintaining descendants. This is supported by research of Sunarto (2016) stated that the role of Islamic bank directors had an effect on disclosure with ISRI, while the sharia supervisory board had an effect on disclosure using the GRI index. The novelty of this research is to conduct an assessment of the implementation of Sustainability Report through GRI items that permeate the value of *Maqashid Syari'ah* in the company's internal parties (employees). It is hoped that this study will contribute to the Sustainability Report literature as well as to the *Maqashid Syari'ah* literature. The independent variables are components of GRI's assessment of the implementation of Sustainability Report activities in the company and are combined with the *Maqashid Syari'ah* variable as the dependent variable for this study.

Literature Review

Maqashid Syari'ah

The objectives of Islamic law consist of; (1). Purifying the soul which means that humans are able to act as a source of goodness-not a source of badness-for society and the environment; (2) Upholding justice in society that includes justice from the side of law, economy and testimony; (3). Realizing human benefit or better known as *Maqashid syari'ah* which has five main elements of maintenance, namely: maintaining religion, maintaining

soul, maintaining reason, maintaining descendants, and maintaining property (Nurhayati & Wasilah, 2015). The quality of life of a muslim includes, his/her integrity, comfort or ease of religious observance and practice, and, his/ her right to inherit. In the framework of the *Maqashid* profit and loss scheme, any practice that provides substantial benefits is considered permitted, otherwise those that give rise to harm are prohibited. This concept is a mechanistic interpretation of the *Qur'an* and *Hadith* that brings Islamic holistic attention to many activities of life, including health care. Indeed, this concept covers many aspects of worldly life, both for the individual human being and collectively for the entire society (Salim, Siti, & Mohd, 2015).

In the case of *Maqashid al-Syari'ah*, social entrepreneurs tend to preserve nature, people and wealth. Community welfare must be prioritized in determining social business activities. At least, few business decision makers are aware of the situation. In addition, the voluntary factor also serves as an input for *Maqashid al-Syari'ah* in making ethical decisions. Needless to say, protection of people's welfare is influenced by ethical decisions of business people to give consideration to people's welfare (Sarif, Ismail, & Azan, 2017). Everyone has a chance to grow in a healthy environment, and ultimately to create a good society free of crime and social destruction. This will improve the welfare of society and preserve the essence of *Syari'ah* and the life of every individual in society regardless of religious or cultural background (Oladapo & Rahman, 2016). Auda (2019) stated that all aspects of life have been written comprehensively in Islam. One of them is *Maqashid Syari'ah*, which covers the entire scope of life. In carrying out his life, humans as caliphs on earth, have rights and obligations that must be carried out according to the *Maqashid syari'ah* principles, namely the guardian of religion, reason, soul, descent, and property. Research conducted by Muchlis & Sukirman (2016) which aims to determining the implementation of the *Maqashid syari'ah* concept of Corporate Social Responsibility at PT Bank Muamalat Indonesia. It shows that the concept of maintaining reason is carried out by establishing educational institutions for employees, improving employees welfare through *Ittifaq muamalat* which aims to identifying the needs of employees (keeping descent), and as well as the concept of safeguarding assets with the aim of maintaining welfare stability between stakeholders and bank customers. This represents that *Maqashid Syari'ah* is a universal concept.

The ideal human will behave in a cultured manner. This is necessary for the achievement of sustainable development. Opportunities of this achievement will be even greater if the spiritual aspect is made possible and strengthened by the support of institutional and political structures. The whole system must support and strengthen each other to become a medium for the functioning of humans as caliphs or protectors of the earth. In the end, this system not only guarantees the achievement of sustainable development but also the pleasure of Allah SWT (Dariah, Salleh, & Shafiai, 2016). *Maqashid Al-Syariah* shows that the intellectual element has the highest number of disclosures in the annual reports of Islamic companies. The intellectual element is in the form of class information/discussion/training on environmental improvement programs, on the job training on processes that prioritize a clean and healthy environment, training and employee development programs, training/seminars on how to prevent accidents or safety attires, employees describe the importance of time, speed, quality, safety or waste reduction, research on product safety/quality, and etc. Meanwhile, the wealth dimension has the lowest *Maqasid Al-Syariah* element which is disclosed in the annual report of Islamic companies. This element includes information on receiving awards related to the company's environmental program

or policy, receiving awards for community involvement, better stock option schemes, policies/objectives/reasons for the company's remuneration package/scheme, and etc (Said, Abd Samad, Mohd Sidek, Ilias, & Omar, 2018).

Maqashid Syari'ah is a real ideas, that are universal and conventional, thus means that *Maqashid Syari'ah* is the idea that timeless, already known and accepted by the public (Ashur, 2019). Furthermore, the provisions and procedures of the divine law are all set for mankind, there is a specific purpose why God establishes provisions. Shinkafi, Ali, & Choudhury (2017) stated that *Maqashid syari'ah* has a function to realize two points life is crucial, namely *tahsil*, which means keeping the substance of the usefulness (*manfaat*) and *ibqa*, significant precautions against damage (*madarrab*) aligned with which has been ordered by Allah SWT. *Maqashid syari'ah* has a quite crucial role in managing green companies, because the main objective of sustainable development is to provide an opportunity for the Islamic economy to redefine its role in community empowerment, socio-economic development and the environment so that the management of green companies is highly relevant to *syari'ah*. (Julia, Kassim, & Ali, 2018). Muchlis & Sukirman (2016) stated that: (1). the concept of preserved religion lies in adherence to *Syari'ah*, such as the obligation to wear the *hijab* for women; (2) the concept of preserving the soul, namely the obligation of *zakat* (2.5%) which is issued from the total monthly income; (3) the concept of maintaining reason by providing training for employees; (4) the concept of maintaining descendants is to improved employee welfare through *Ittifaq Muamalat* which regulated all types of employee needs; (5) the concept of safeguarding assets lies in the welfare of stakeholders and customers. The five of *maqashid syari'ah* concepts at PT Bank Muamalat Indonesia Surakarta Branch are relevant to the concept of Corporate Social Responsibility

Shariah Enterprise Theory

Syari'ah Enterprise Theory (SET) is a theory that arises from the development of Islamic accounting science and approaches enterprise theory. This is because the enterprise theory can not be separated from the contribution of the participants, or in other words the existence of a company due to the interaction with the public as a consequence of the social contract with the community (Triyuwono, 2006). This is in line with the thought of Harahap (1997) which stated that enterprise theory is in line with the Islamic concept, because it includes more social and accountability aspects. Subsequent developments carried out the internalization of the concept of *Tauhid* into enterprise theory so that the basic theory of Islamic accounting emerged, namely *Syari'ah* Enterprise Theory (SET).

Triyuwono (2006) argued implicitly that *syari'ah* accounting not only as a form of management accountability to company owners (stockholders), but also as an accountability to its stakeholders and to God (Allah). The most important axiom in SET is God as the creator and sole owner of all the resources that exist in this world. Humans were created as caliphs on earth with a mission to protect the benefit not only for fellow humans but also the preservation of nature and the environment. Therefore, the SET will bring serious benefits to stockholders, stakeholders, communities, and the natural environment without leaving the important obligation to worship God. Furthermore, Triyuwono (2006) stated that the SET presents value added statement as one of its financial statements that provide information about the value added which had been created by the entity and the distribution of value added to those who are directly related to

the operation of such entities or parties and those who are not directly related to the operations of the entity.

Sustainability Report

Lako (2018) stated that there are construction of green accounting principles, namely (1). The principle of sustainability; (2) The principle of asset recognition; (3) The principle of recognizing a liability if there is environmental loss or damage caused by the entity's operational activities; (4) The matching principle in measuring the value among costs, benefits and efforts to achieve social and environmental responsibility; (5) The principle of integrated accounting process; (6) The principle of integrated reporting and disclosure of information.

Disclosure of CSR based on GRI at Islamic Commercial Banks in Indonesia is not complete, this is due to the existence of several items that are impossible to fulfill by the banking industry, especially Islamic banking. General items that are widely publicized by banks include; economy and labor sector. Then the items are rarely publicized include; environment, human resources, social and product sectors (Muhammadinah, 2016). Using GRI not only informs the implementation process, but also introduces the wider community about the company's profit and strategy as well as the management approach taken as well as other benefits that can generate economic benefits (Arfamaini, 2016).

Economy Aspects

Economy is the most important part and directly related to the impact of all business activities of a company and all parties involved. Business activities are in line with the prevailing economic system at the regional, national and even global level. Economic aspect must be reported by company which uses the GRI standards as a guideline for presenting a sustainability report. This study has two components that are in the shade of the economic aspect, namely (a) Economic performance aspect (X1.1); (b) Market existence aspect (X1.2). Sarkawi, et.al (2016) explained that there are several very important points regarding the disclosure of the concept of sustainability from the Islamic side related to current issues, including a variety of biological wealth that has inherent value, ecology, and human benefits as a spiritual gift or material resources. Further stated that the economic and social environment is inseparable joined in a sustainability concept. Research conducted by Sarkawi indirectly also indicated that the economic aspect is one of the foundations that used by a company in order to increase the productivity of the company is to keep watching the balance of economic and social environment. Increasing productivity is an important issue that must be considered by a business entity. Massa, et.al (2015) in his research stated that the objective of an organization to present a sustainability report are to disclose information to increase awareness of sustainable development, make long-term considerations, provide support for business strategies based on the concept of sustainable development in an effort to improve the company's reputation.

Economic is an aspect that affected by the financial performance of an entity. Good financial management for an entity is a reflection of a good sustainability report on the economic dimension of an entity. In line with research conducted by Manisa & Defung (2017) based on GRI G4, the results show that simultaneously all dimensions of the sustainability report studied, namely the economic, environmental, and social dimensions have a significant positive effect on the company's financial performance, however only

partial social dimensions that have a positive and insignificant effect on the company's financial performance. Furthermore, research conducted by Jusmarni (2016) aims to determine the effect of sustainability reporting on corporate financial performance in terms of market value ratios and asset management ratios. The research results show that the economic and environmental aspects of the sustainability report have a significant positive effect on market value ratios, while the social aspects of sustainability reporting also have a positive but insignificant effect on increasing market value and asset management ratios. In another study revealed that simultaneously all aspects of sustainability report, namely economic, social and environment has a positive influence on the financial performance, while the social aspect is not significant positive effect on the financial performance of a company (Bukhori & Sopian, 2017). In line with this, Aryawan, Rahyuda, & Ekawati (2017) stated that there is a significant positive influence on the company's image at PT Pertamina (Persero) at the Oil Fuel Terminal (TBBM), both in economic and environmental aspects. Evana (2017) stated that the economic dimension variable had a positive effect on the company's performance, and on the other hand, the environmental and social dimension variables had no effect on the company's performance.

H₁: Economic Aspects has effect on *Maqashid Syari'ah*

Environment Aspects

Discussion on environmental aspects will be directly related to the impact caused by an entity in the production process on the community, especially those in the environment around the entity operating, and the surrounding environment including the balance of environmental ecosystems, including the balance of the soil, air and water ecosystem. Environmental aspects in the GRI sustainability report include; (a) Raw materials and energy aspect; (b) Water aspect; (c) Biodiversity aspect; (d) Emission, effluents, and compliance aspect; (e) Transport aspect.

Research conducted by Sunaryo (2015) stated that there is legitimacy related to the implementation of Corporate Social Responsibility (CSR) in Indonesia. Further stated that companies that want to achieve a corporate sustainability should be oriented towards sustainable development. The implemented CSR programs based on the Environmental Management Workshop and these programs integrated with all existing instruments, especially against existing laws and regulations. In his research, Mas'ari (2017) showed that there is a need for an understanding of the use and preservation of Natural Resources. This is very important because it is a moral basis in providing support for the utilization and preservation of these natural resources, even though it has not been able to overcome the environmental damage that has already existed and is still ongoing. The higher concern for a business entity to balance the environment will impact both on the reputation of the business entity in the eyes of the public and the business entity will be considered as an entity oriented profit sensitive environmental balance. This will give a new paradigm that a business entity that regularly presents a sustainability report will get a good assessment from the public. There is a diversity of ethical concerns of Indonesians regarding the activities of business entities.

Business entities that are sensitive to the environment have better sustainability reporting quality than business entities that are not sensitive to the surrounding environment (Rudyanto, 2019). Furthermore, the research stated that Indonesia is a nation that has a high awareness of the situation in the surrounding environment and the associated impact

on the operations of a business entity on the environment. An entity with the consumers who are the major stakeholders should have the quality of sustainability reporting presentation that is better than an entity that does not make the consumer as the major stakeholders. This shows the high morality of consumers in Indonesia. Disclosure of the sustainability report conducted by a business entity will not only bring a good impact to the entity consumer confidence, but also sparked investor confidence. Kurniawan, et.al, (2018) stated that only the economic aspects of the presentation of the sustainability report containing a positive influence on the value of a business entity. While the environmental and social aspects disclosed in the sustainability report has a negative influence on the value of an entity. The results of this study represent that the presentation of a sustainable report carried out in accordance with the references and standards chosen by an entity, especially in the economic aspect that will provide benefits to grow the value of a business entity to investors. This paradigm will be even stronger if it is elaborated with research conducted by Rudyanto (2019) with results showing that presenting a sustainability report is the wisest choice that can be chosen by a company, this indicates that the company has a concern for the environment through the implementation of CSR with good quality sustainability report.

H₂: Environmental aspects has effect on *Maqashid Syari'ah*

Social Aspects

The social aspect is the most important aspect of the concept of CSR, as a form of representation of the company's concern at the social environment both the company itself and society, especially those closest to the location of the company's operations. The social aspects of this research include; (a) Labor performance; (b) Human rights performance; (c) Society performance and (d). Product responsibility performance. Adinugroho et al., (2017) research results stated that, PT Pertamina (Persero) has been running a program of social responsibility as to preserve the environment, planting mangrove trees on the north coast, and provide education to love the environment of the young children in Indonesia, as well as a provide assistance to communities in the form of disaster management and health services. Implementation of corporate social responsibility conducted by PT Pertamina Semarang (Persero) is in accordance with the laws and government regulations relating to PT. Pertamina Semarang (Persero), namely Law Number 40 of 2007 concerning Limited Liability Companies. This research represents that one of the business entities in Indonesia has paid attention to the balance between business activities that carried out with responsibility and the surrounding social environment.

In contrast to research conducted by Manisa & Defung (2017) which stated that companies only disclose social performance and disclosure of performance related to product responsibility. Social performance is one indicator that used as an evaluation for a business entity to examine the extent to which the sensitivity of a business entity related to the social environment. The social aspect of the GRI sustainability report standard also describes the rights of employees that guaranteed by the company in the hope that employee performance will increase which leads to the company's good quality in human resource management. It thus proved by Saputro, et.al (2015) stated that the business strategy of PT. Taman Sriwedari has done to improve the employee's job satisfaction to provide payroll system that are fair and reasonable to the employees of both financial and non-financial. The formation of a strategy is in the form of an opportunity to advance or promote the increase of wages for the good performance of the employees towards the company, so

that the employees have motivation to upgrade their work and get satisfaction. The formation of a strategy for working conditions in the corporate environment in the form of comfort, safety and a conducive environment, and colleagues who respect each other can make employees satisfied and work well, as well as increase employee focus on the targets set by the company.

Subsequent research conducted by Wijaya, Yulianto, & Abdillah (2015) with the aim of understanding the influence of the Corporate Social Responsibility (CSR) variable which consists of Social Aspects, Economic Aspects and Environmental Aspects, jointly and partially on company image, examining variables which has a dominant influence on the company's image. The results of the study can be concluded that there is a fairly good assessment of the community towards the CSR program that has been carried out by PT PINDAD (Persero) with the hope that the company can improve the quality of the ongoing CSR program. Research conducted by Cahya & Rohmah (2019) aims to analyze the evolution and implementation of Islamic Social Responsibility in a company by using a way of reviewing empirical evidence from previous research using a framework that has been established as the foundation for the research. The results of the study prove that the company has reported its social activities that presented in an annual company report using responsibilities in accordance with Islamic law that the company reporting category level indicates that the company has fulfilled the principles of social responsibility. As for the responsibility that have been accomplished by the company are to be contributive to society actions, provide decent wages, and preserve the environment so that in the long term is expected to enhance the company's credibility and increase the confidence of stakeholders.

The mushrooming of the industrial sector has contributed to national economic growth. However, on the other hand, the exploitation of natural resources by the industrial sector often triggers environmental damage (for example the Lapindo Mud case, this triggers pollution which causes harm to the local community). Law No. 40 of 2007 concerning Limited Liability Companies specifically regulated by the rules regarding Social and Environmental Responsibility. Consistent application of Social and Environmental Responsibility (CSR) in the long term will lead to a sense of acceptance of the company's sustainable existence as well as Social and Environmental Responsibility by taking into account the social and environmental dimensions. This condition will be able to provide benefits for the companies concerned and the local community (Mardijono, 2014).

H₃: Social aspects has effect on *Maqashid Syari'ah*

Methods

Data and Source

The data used were primary data that comes from a Likert scale questionnaire that adopts the points in the GRI. The sampling technique used is non-probability sampling with a purposive sampling method. The data analysis technique used is multiple linear regression analysis. Sekaran dan Bougie (2016) stated that primary data sources are taken directly through interviews, observations, questionnaires, and physical tests, while secondary data is obtained indirectly from archives, documents, previous journals, bulletins, government publications, information published or unpublished available either from inside or outside the organization, and the company website. Primary data from this study obtained from the

results of questionnaires distributed to the research object. This study uses GRI G4 as a guide in the preparation of the questionnaire. However, researchers did not use all the aspects listed in the GRI G4 guidelines in this study. Researchers only select points that have a direct impact on the work environment, the community around the company, and the natural environment (operational area) of the company. Early stages of this research involves the selection of the GRI indicators, and the indicators are extract into question points to three aspects (economic, social and environmental). This indicator is actually an assessment indicator from GRI for the company level, the author tries to reduce it into the form of a questionnaire to see this component from the perspective of employee understanding and is associated with elements of *Maqashid Syari'ah*.

Table 1. Variable, Data Descriptions, and Measurement

Variable	Descriptions	Definition	Measurement
MAQS	Maqashid Syari'ah	The measurement of the <i>Maqashid Syari'ah</i> dependent variable is based on the opinion of Imam Al-Syatibhi which is a development of the <i>Maqashid syari'ah</i> theory initiated by Imam Al-Ghazali. So that the indicator of the <i>Maqashid Syari'ah</i> variable in this study consists of five categories, namely Intellect (Aql), Religion (Dien), Soul (Nafs), Heredity (Nasl) and wealth (maal).	Ordinal
ECA	Economic Aspects (Oliveros, 2012)	The independent variable of Aspect's Economy is measured based on one category which is then translated into various dimensions/aspects. Measurement of this variable is carried out by looking at the direct economic impact on company stakeholders. In this variable, there are 2 aspects chosen by the researcher for this study, namely; (a) Economic Performance Aspect; and (b) Market Existence aspect.	Ordinal
EVA	Environment Aspects	Environmental aspects in this study are measured	Ordinal

Variable	Descriptions	Definition	Measurement
	(Oliveros, 2012)	based on one category, namely nature with nine indicators that are enforced that provide information on changes over time and the ability of indicators to facilitate the company's internal performance. This study only chooses 5 indicators that have a direct impact on the environment, namely: (a). Raw Materials and Energy Aspects; (b). Water Aspect; (c). Biodiversity Aspect; (d). Emissions, Effluents, and Compliance Aspects; and (e). Transport Aspect	
SOCA	Social Aspects (Oliveros, 2012)	The measurement of social aspect variables in this study is based on four categories, namely (a). Labor Performance, (b). Human Rights Performance, (c). Society Performance and (d) Product Responsibility Performance, each of which has its own indicators. However, not all of these indicators are included in this study, such as bribery indicators, corruption, and political contributions.	Ordinal

Sample and Object Research

Population is the whole of people, phenomenon, problems, and interesting things that can be observed and measured by researchers (Sudaryono, 2017). The population in this study were all employees who work at the two BUMNs. Based on the data of the company profile, the total number of employees in these two companies is ± 2.900 people. Due to the limited number of researchers, the study couldn't be conducted on the entire population so that the necessary samples to represent the population. Sampling in this study determined by non-probability sampling techniques with purposive sampling method, namely sampling techniques that use certain considerations so that the data obtained is more representative. The sample size in this study uses the Slovin formula approach as follow:

$$n = \frac{N}{(1 + Ne^2)} = \frac{2.900}{(1 + 2.900(0,05^2))}$$

$$= \frac{2.900}{(1 + 7,25)} = \frac{2.900}{8,25} = 351,51$$

Where: n is sample size; N : population size; and e is *error tolerance of social science at 5%*. Slovinformulabased approach, the sample should be used in the study was of 352 respondents. The sample sources came from 2 state-owned enterprises (BUMN), each of which provided 176 respondents who were studied.

The object of research is the employees of 2 state-owned enterprises operating in South Sumatra. These 2 state-owned companies are PT Semen Baturaja (Persero) Tbk and PT. Bukit Asam, Tbk. These 2 BUMNs operate in the South Sumatra region and have had many positive impacts on socio-economic life in the area, that firms has succeeded in becoming a company that went public by listing its shares on the Indonesia Stock Exchange. for PT. Semen Baturaja (Persero) Tbk has already become a publicly traded company in 2013 and PT Bukit Asam Tbk in 2002. This is the reason for selecting these 2 companies as samples of this study.

Model Specification

This research conducted using a quantitative approach that examines the effect of the independent variable on the dependent variable. The independent variables consist of Economic Categories, Environment Categories and Social Categories. While the dependent variable is the *Maqashid Syari'ah* which covers the protection of religion, soul, descent, mind and property. This analysis is to assess the relationship between more than one independent variable and one dependent variable. This regression has an important role in showing the ability of the independent variables to influence the dependent variable. The form of multiple linear regression analysis in this study is as follows

$$MAQS = \alpha_0 + \beta_1 ECA + \beta_2 EVA + \beta_3 SOCA + \epsilon$$

Where: *MAQS* is *Maqashid Syari'ah* which covers the protection of religion, soul, descent, reason, and property; *ECA* is the economy category which includes the economic performance aspect; and market existence aspect; *EVA* is an environmental category which includes raw materials and energy aspects; water aspect; biodiversity aspect; emissions, effluents, and compliance aspects; and transport aspect; and *SOCA* is a social category consisting of labor performance; human rights performance; society performance; and product responsibility performance. This test related to the measuring instrument used. The validity of a research instrument shows the level of reliability of the measuring instrument used.

Several step of testing classical assumption i.e. (1) normality with test fulfillment measured based on the One-Sample Kolmogorov-Smirnov test obtained from the results of data processing. If the significance value is more than 0.05, the residuals are normally distributed (Ghozali, 2011); (2) heteroscedasticity with measured the variance difference from the residuals of one observation to another in a model and; (3) multicollinearity test

with measured criteria carried out by looking at the Tolerance value ≤ 0.10 or equal to the VIF value ≥ 10 . So that if the Tolerance value is ≥ 0.10 or equal to the VIF value ≥ 10 , the research data does not occur multi collinearity disorders. There will be no endogeneity bias if the VIF value is not greater than 10.

Findings

Research Instrument Test

This research was a quantitative primary research on two BUMNs in South Sumatra by distributing questionnaires via google form. Tests carried out with the SPSS 16.0 application, with 176 respondents in each company, so that the total respondents were 352 respondents. The variables tested were independent variables, namely Economic Aspect, Environment Aspect and Social Aspect and the dependent variable, namely *Maqashid Syari'ah*.

Table 2. Summary of Validity and Reliability Test

Variable	Cronbach's Alpha	t-table	Summary
ECA	0.891	0.104	Valid and Reliable
EVA	0.770	0.104	Valid and Reliable
SOCA	0.692	0.104	Valid and Reliable
MAQS	0.720	0.104	Valid and Reliable

Validity test used to determine the extent to which test equipment capable of measuring the variables used in the study. Validity test done by using Correlation Matrix by comparing the value r-count at significant level determined by the value r-table at significance level of 5% is equal to 0.104. Based on the results of calculations in Table 2, it is known that all the questions for variable XI show that the r-count is greater than the r-table (0.104), from the whole statement for the Economic Aspect variable (ECA); Environmental Aspect (EVA); Social Aspect (SOCA); and *Maqashid Syari'ah* (MAQS). These results prove that the questions for all aspect variable in this study are valid to be used as a research instrument. Testing the reliability of the study using the Cronbach's Alpha analysis method with the assessment indicator is that if the Reliability Coefficient (Alpha) < 0.60 (Cronbach Alpha > 0.60) then the variables and items of the questionnaire statement can be relied on to be a measuring tool (instrument) of research. These results interpreted that the statement items in each variable Economic Aspect variable (ECA); Environmental Aspect (EVA); Social Aspect (SOCA are reliable).

Empirical Results

Based on Table 3, it is known that the residual data obtained follows a normal distribution, the test output shows that the Kolmogorov-Smirnov value is significantly greater than 0.05 (Prob. 0.186) more than 0.05. This means that the data residuals are normally distributed and the regression model meets the requirements of the normality assumption. The heteroscedasticity test used to see and test whether there is an inequality of variance from one observation residual to another. Based on the distribution of the significant value of each variable is more than 0.05 (Sig. > 0.05), this means that the available data from all variables are free from heteroscedasticity. The multi collinearity test aims to see if there is a

correlation between independent variables. The test indicator is if the Tolerance value > 0.01 and VIF < 10, then the data used is free from multi collinearity. The following table (4.8) shows the multi collinearity test results illustrate that there are no variables that have a tolerance value below 0.01 (Tolerance > 0.01) with a calculation of the Variance Inflation Factor (VIF) value below 10 (VIF < 10) meaning that in this study there is no multi collinearity of each variable.

Regression analysis used to determine and answer the formulation of the problem in this research. To see how the influence of each variable economic aspect (ECA), environment aspect (EVA) and social aspect (SOCA) on *Maqashid Syari'ah* (MAQS). Based on the results of multiple linear regression analysis depicted in Table 3, known that the constant value is 2.446 with the distribution of the economic aspect variable regression coefficient value of 0.297 with a t-stat of 2.137, Environment aspect is 0.249 with t-stat of 3.783, and social aspect of 0.802 with t-stat of 17.986. The estimation result of regression model as follows:

Table 3. Estimation Result of Regression Model

Dependent variable = MAQS					
Variable	Coefficient	Std. Error	t-Stat	Prob.	VIF
Constant	2.446	4.299	0.569	0.570	-
ECA	0.297	0.139	2.137	0.033	1.399
EVA	0.249	0.066	3.783	0.000	2.244
SOCA	0.802	0.045	17.986	0.000	2.187
Diagnostic test:					
Heteroscedasticity	0.570	0.417			
Autocorrelation	1.089	0.186			

Source: Authors Calculation (2020)

The constant coefficient is 2.446, meaning that if the economic aspect, environment aspect and social aspect are equal to zero, then the *Maqashid Syari'ah* value in the company is 2.446. Partially, the result of regression shows that coefficient economic aspect is 0.297, this mean that if additional one unit of the economic aspect so the *Maqashid Syari'ah* value increases by 0.297. This indicated that the direction of influence between the variables of the economic aspect on the *Maqashid Syari'ah* variable is positive. This shows that if the company has a good and stable business, it will influence someone (employee) to do good (give *mashlahab*) and reduce the bad (*mudharat*) that will be done by him, whereas if the company has a bad and unstable business. This will provoke someone (employee) to do something that is not good so that it is bad for him and the company. This result is in line with the research of Julia et al. (2018), Sarif et al. (2017), Arfamaini (2016), Manisa & Defung (2017), and Bukhori & Sopian (2017).

Then coefficient of environment aspect is 0.249, his mean that if additional one unit of environment aspect so the *Maqashid Syari'ah* value increases by 0.249. This indicated that the direction of influence between the variables of the environment aspect on the *Maqashid Syari'ah* variable is positive. Environmental aspects show the awareness of the surrounding environment will have a good impact on the actions of a person (employee or community) towards company and affect the company's performance. This result in line with Manisa & Defung (2017), Bukhori & Sopian (2017), and Rudyanto (2019), but these results are different from Kurniawan et al., (2018) which stated that only the economic aspects of the

presentation of the sustainability report containing a positive influence on the value of a business entity. While the environmental and social aspects disclosed in the sustainability report has a negative influence on the value of an entity.

The last independent variable is social aspect has coefficient value is 0.802, this means that if the social aspect increased one unit, so *Maqashid Syari'ah* value in the company will increase by 0.802. This indicated that the direction of the influence of the social aspect on the *Maqashid Syari'ah* is positive. The social aspect reflects the company's concern, both for society and employees, which will affect its behavior towards the company. So that indirectly it will cause big problems for the company. This also proves that the sustainable development presented by these two SOEs (BUMN) in the form of GRI-based sustainability reporting contains *Maqashid Syari'ah* values that indirectly maintain the company's business continuity. This result in line with Manisa & Defung (2017), Bukhori & Sopian (2017), Cahya & Rohmah (2019), and Mardijono (2014), but these results are different from Kurniawan et al., (2018) which stated that only the economic aspects of the presentation of the sustainability report containing a positive influence on the value of a business entity. While the environmental and social aspects disclosed in the sustainability report has a negative influence on the value of an entity.

Conclusion

From the empirical finding of this study, the conclusions that can be formulated i.e. (1) Economic aspect has a positive effect on the *Maqashid Syari'ah* variable. Which means that the more increase Economic aspect, the higher *Maqashid Syari'ah* or vice versa; (2) Environmental aspect has a positive effect on *Maqashid Syari'ah*. Which means that the higher Environment aspect will affect the increase of *Maqashid Syari'ah* or vice versa; (3) Social aspect has a positive effect on *Maqashid Syari'ah*, which means that the higher the Social Aspect, the more increase *Maqashid Syari'ah* or vice versa; and (4) the last all aspects of the GRI sustainability report contain values of *Maqashid Syari'ah*.

Suggestions for research objects in this study i.e. (1) incorporate the Islamic concepts in all company activities, especially in the efforts of sustainable development; (2) increase the awareness of the company's sustainable development in the field of economic aspects; (3) increase the company awareness about sustainable development in the environmental sector, especially in the surrounding company; and; (4) increase the corporate awareness about sustainable development in the social sector, both in the corporate social environment and in the surrounding of company's environment. Then the suggestions for further study among others: (1) conduct in-depth research with respondents regarding the Islamic concept of sustainable development in companies, using qualitative research methods; and (2) conduct research other than state-owned enterprises such as government offices or private companies.

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