Toward a maqashid-based sustainability framework: CSR and zakat disclosures in Islamic banking

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Abstract
The growing adoption of sustainability reporting in Islamic banking has intensified discussions regarding the alignment between sustainability practices and Islamic principles. While conventional sustainability frameworks largely rely on Environmental, Social, and Governance (ESG) indicators, limited attention has been given to how Islamic banks achieve sustainability through Maqashid Shariah-oriented activities, particularly Corporate Social Responsibility (CSR) and zakat programs. This gap raises concerns regarding the adequacy of existing sustainability frameworks in capturing the unique social and spiritual objectives of Islamic banking institutions. This study aims to explore the contribution of CSR and zakat disclosures in sustainability reports to the achievement of Maqashid Shariah and the sustainability of Islamic banks. Specifically, the study seeks to develop a Maqashid-based sustainability framework that integrates social, economic, and ethical dimensions within Islamic banking practices. Using a qualitative research approach, this study employs qualitative content analysis of sustainability reports published by Islamic banks in Indonesia during the period 2021–2025. The findings indicate that CSR and zakat disclosures extend beyond regulatory compliance and philanthropic activities, serving as strategic mechanisms for achieving Maqashid Shariah and strengthening the sustainability orientation of Islamic banks. The analysis reveals that most sustainability initiatives contribute significantly to the protection of wealth, intellect, and life through financial inclusion programs, educational support, community empowerment, healthcare assistance, and micro-enterprise development. Furthermore, the study identifies a strong interconnection between Maqashid achievement and long-term institutional sustainability, encompassing social legitimacy, stakeholder trust, and sustainable value creation.

Keywords: Islamic Banking, Corporate Social Responsibility, Zakat; Maqashid Shariah, Sustainable Finance.

INTRODUCTION

The global transition toward sustainable finance has fundamentally reshaped the strategic orientation of the banking industry, including Islamic banking institutions. Sustainability is no longer viewed solely as an environmental commitment but as an integrated framework encompassing economic resilience, social responsibility, ethical governance, and long-term stakeholder value creation. Within this context, sustainability reporting has become an important instrument for communicating organizational commitment to sustainable development through the disclosure of Environmental, Social, and Governance (ESG) performance. However, the conceptual foundation of sustainability reporting remains predominantly derived from conventional business paradigms that emphasize materiality, stakeholder engagement, and environmental performance. Although these dimensions are important, they do not fully capture the distinctive objectives of Islamic banking, whose operations are guided not only by commercial considerations but also by the principles of *Maqashid Shariah* (the higher objectives of Islamic law), which aim to preserve religion (*hifz al-din*), life (*hifz al-nafs*), intellect (*hifz al-'aql*), lineage (*hifz al-*

nasl), and wealth (*hifz al-mal*) (Dusuki & Abdullah, 2007); (Chapra, 2008); (Haniffa & Hudaib, 2007). Consequently, assessing sustainability in Islamic banking solely through ESG indicators may overlook essential religious, ethical, and social objectives that distinguish Islamic financial institutions from conventional banks.

Previous studies have increasingly investigated sustainability practices in Islamic banking from various perspectives. Research has demonstrated that sustainability reporting positively influences corporate legitimacy, stakeholder confidence, and financial performance (Buallay, 2019). Other studies have examined the integration of ESG principles into Islamic finance and argued that Islamic financial institutions possess inherent characteristics that naturally support sustainable development due to the prohibition of harmful economic activities, the promotion of social justice, and the emphasis on ethical investment (Khan, 2019); (Ahmed et al., 2015). Furthermore, several scholars have explored the relationship between Maqashid Shariah and banking performance, proposing Maqashid-based performance indices as alternatives to conventional profitability measures (Razak et al., 2008); (Bedoui, 2019). These studies collectively suggest that sustainability in Islamic banking should encompass broader dimensions than those represented by traditional ESG frameworks.

Another stream of literature has specifically examined Corporate Social Responsibility (CSR) and zakat as instruments of Islamic social finance. CSR in Islamic banking extends beyond voluntary philanthropic activities by incorporating religious obligations, ethical accountability, and socio-economic justice consistent with Islamic teachings (Farook et al., 2011); (Platonova et al., 2016). Likewise, zakat, an obligatory almsgiving mechanism requiring eligible Muslims to contribute a prescribed portion of their wealth for designated beneficiaries, functions not only as a redistribution instrument but also as a catalyst for poverty alleviation, financial inclusion, and community empowerment (Ascarya et al., 2017); (Hassan & Aliyu, 2018). Existing empirical evidence indicates that CSR and zakat contribute positively to institutional reputation, stakeholder trust, and socio-economic welfare. Nevertheless, these studies generally evaluate CSR and zakat independently, focusing primarily on disclosure quality, determinants, financial implications, or social outcomes rather than examining their integrated contribution to sustainability from a Maqashid Shariah perspective.

Despite the growing body of literature, several important research gaps remain. First, most sustainability studies in Islamic banking continue to rely on ESG-based or Global Reporting Initiative (GRI) frameworks without systematically linking disclosed sustainability activities to the achievement of Maqashid Shariah. As a result, the spiritual and ethical objectives embedded in Islamic finance remain insufficiently represented within existing sustainability assessment models. Second, prior research tends to investigate CSR, zakat, Islamic social finance, and Maqashid performance as separate research domains, leaving limited understanding of how these elements collectively shape institutional sustainability. Third, although sustainability reports published by Islamic banks contain extensive disclosures regarding CSR initiatives, zakat distribution, educational support, community development, environmental protection, and financial inclusion, few studies have comprehensively analyzed these disclosures to construct an integrated sustainability framework grounded in Islamic principles. Consequently, the theoretical linkage between sustainability reporting and the realization of Maqashid Shariah remains underdeveloped.

This limitation becomes increasingly important as Islamic banking institutions are

expected not only to comply with international sustainability standards but also to demonstrate their distinctive contribution toward achieving sustainable development through Islamic ethical values. The rapid expansion of sustainability reporting requirements following the implementation of ESG standards and sustainable finance regulations has created an urgent need for conceptual frameworks capable of reflecting the unique identity of Islamic financial institutions. Without such frameworks, sustainability disclosures risk becoming compliance-oriented documents that inadequately represent the broader objectives of Islamic banking, including social justice, equitable wealth distribution, human development, and collective welfare (*maslahah*). Therefore, developing a Maqashid-based sustainability framework is both theoretically and practically significant for improving sustainability measurement, strengthening stakeholder accountability, and enhancing the legitimacy of Islamic banking institutions.

Responding to these gaps, this study explores how CSR and zakat disclosures contained in sustainability reports contribute to the realization of Maqashid Shariah and the long-term sustainability of Islamic banks in Indonesia. Unlike previous studies that primarily measure disclosure quality or examine CSR and zakat independently, this research integrates both dimensions within a qualitative content analysis framework to identify their collective contribution toward achieving the objectives of Maqashid Shariah. Using sustainability reports published by Indonesian Islamic banks between 2021 and 2025, this study develops a comprehensive Maqashid-based sustainability framework that explains the interaction between CSR initiatives, zakat programs, social responsibility, stakeholder trust, and sustainable institutional value creation. The novelty of this research lies in proposing an integrated conceptual framework that positions CSR and zakat disclosures not merely as reporting mechanisms or philanthropic activities but as strategic instruments for operationalizing Maqashid Shariah within contemporary sustainability practices. The framework contributes to the literature by bridging the conceptual divide between conventional sustainability reporting and Islamic ethical objectives while offering practical guidance for Islamic banks, regulators, and policymakers seeking to strengthen sustainability governance through Islamic values.

RESEARCH METHODOLOGY

This study employs a qualitative research approach using qualitative content analysis to examine how Corporate Social Responsibility (CSR) and zakat disclosures contribute to the achievement of *Maqashid Shariah* and the sustainability of Islamic banks. Qualitative content analysis is appropriate because it enables the systematic interpretation of textual data while preserving the contextual meaning embedded in sustainability disclosures (Flick & Schreier, 2014); (Krippendorff, 2019).

The study uses secondary data obtained from sustainability reports and annual reports published by Islamic commercial banks in Indonesia during the period 2021–2025. Indonesia was selected because it has one of the largest Islamic banking sectors globally and has increasingly adopted sustainability reporting in line with sustainable finance regulations. The sample was selected using purposive sampling based on three criteria: (1) the institution is an Islamic commercial bank operating in Indonesia; (2) sustainability reports or annual reports are publicly available during the observation period; and (3) the reports contain disclosures related to CSR, zakat, and sustainability initiatives.

Data were collected through document analysis by reviewing sustainability reports available on the official websites of the selected banks. The unit of analysis consists

of textual disclosures concerning CSR programs, zakat distribution, community empowerment, education, healthcare, financial inclusion, environmental initiatives, employee development, and other sustainability-related activities.

The data were analyzed using qualitative content analysis following the procedures proposed by (Flick & Schreier, 2014) and (Mayring, 2015). The analysis began with repeated reading of all reports to obtain a comprehensive understanding of the disclosed sustainability practices. Subsequently, the textual data were coded using a coding framework developed deductively from the five dimensions of *Maqashid Shariah*—protection of religion (*hifz al-din*), life (*hifz al-nafs*), intellect (*hifz al-'aql*), lineage (*hifz al-nasl*), and wealth (*hifz al-mal*)—while allowing additional themes to emerge inductively from the data.

The coded data were then grouped into broader themes that explain how CSR and zakat initiatives contribute to the realization of *Maqashid Shariah* and institutional sustainability. Finally, the identified themes were synthesized to develop a Maqashid-based sustainability framework illustrating the relationship between CSR, zakat, Islamic ethical objectives, and sustainable value creation.

To enhance research rigor, the study followed the trustworthiness criteria proposed by (Lincoln, 1985), including credibility, dependability, confirmability, and transferability. Credibility was strengthened through repeated examination of the reports and systematic coding, while transparency in the analytical process supports the dependability and confirmability of the findings.

RESULTS AND DISCUSSION

CSR and Zakat as Strategic Sustainability Instruments in Islamic Banking

The analysis was based on sustainability reports published by Indonesian Islamic banks during the 2021–2025 period. Among all Islamic commercial banks in Indonesia, only ten banks consistently published sustainability reports throughout the entire observation period. These banks are Bank Syariah Indonesia (BSI), Bank Mega Syariah, Bank Muamalat Indonesia, BCA Syariah, BPD NTB Syariah, Bank Victoria Syariah, BJB Syariah, Bank Panin Dubai Syariah, Bank Aladin Syariah, and Bank KB Bukopin Syariah. Consequently, these ten banks were selected as the study sample.

Those demonstrate that Corporate Social Responsibility (CSR) and zakat are no longer presented merely as regulatory compliance or philanthropic activities. Instead, both are increasingly positioned as strategic instruments that support sustainable banking while reflecting the ethical principles of Islamic finance.

Across the sampled reports, CSR initiatives encompass education, healthcare, environmental conservation, disaster relief, employee welfare, financial literacy, and community empowerment. Meanwhile, zakat programs are primarily directed toward poverty alleviation, productive financing for micro-enterprises, scholarships, healthcare assistance, and social protection for vulnerable communities. These activities indicate that Islamic banks integrate commercial objectives with broader social responsibilities, consistent with the principles of Islamic economics.

Unlike conventional sustainability reporting, which generally emphasizes ESG performance, the disclosures examined in this study reveal an additional religious and ethical dimension. Sustainability initiatives are frequently framed as manifestations of accountability to Allah (hablum minallah) and responsibility toward society (hablum minannas), suggesting that Islamic banks perceive sustainability as both an economic and spiritual obligation.

These findings are consistent with (Platonova et al., 2016), who argue that CSR in Islamic banking extends beyond reputation management and serves as an instrument for fulfilling Islamic ethical responsibilities. Likewise, (Hassan & Aliyu, 2018) emphasize that zakat functions as an institutional mechanism for promoting inclusive development and reducing socio-economic inequality.

Contribution of CSR and Zakat to the Achievement of Maqashid Shariah

Using the five dimensions of Maqashid Shariah as the analytical framework, the study identifies that CSR and zakat disclosures contribute to all five objectives, although the degree of contribution differs across dimensions.

Table 1 summarizes the relationship between sustainability initiatives and the objectives of Maqashid Shariah.

Table 1. Mapping CSR and Zakat Programs to the Objectives of Maqashid Shariah

Maqashid Dimension	Examples of CSR and Zakat Activities	Sustainability Contribution
Protection of Religion (*Hifz al-Din*)	Religious education, mosque development, Islamic financial literacy	Ethical awareness and religious responsibility
Protection of Life (*Hifz al-Nafs*)	Healthcare assistance, disaster relief, food security programs	Community welfare and social resilience
Protection of Intellect (*Hifz al-'Aql*)	Scholarships, educational grants, employee training	Human capital development
Protection of Lineage (*Hifz al-Nasl*)	Family welfare, child protection, maternal health	Social sustainability
Protection of Wealth (*Hifz al-Mal*)	Productive zakat, MSME financing, financial inclusion, entrepreneurship training	Inclusive economic growth

Source: Sustainability Report, 2021-2025.

Among these dimensions, *Hifz al-Mal*, *Hifz al-'Aql*, and *Hifz al-Nafs* receive the greatest attention. Productive zakat programs, MSME financing, entrepreneurship assistance, and financial literacy initiatives dominate the disclosures, reflecting the strategic role of Islamic banks in promoting inclusive economic development.

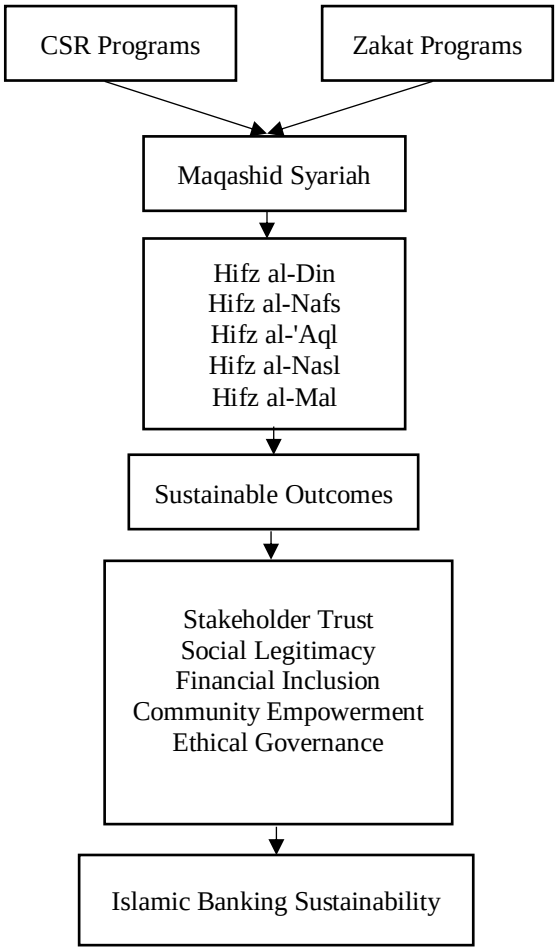
The findings suggest that sustainability in Islamic banking is multidimensional, extending beyond environmental stewardship to include social justice, equitable wealth distribution, and human development. This perspective supports (Chapra, 2008), who argues that Islamic economic development should ultimately promote *maslahah* (public welfare) rather than merely maximizing financial returns.

Toward a Maqashid-Based Sustainability Framework

One of the principal findings of this study is the emergence of an integrated sustainability framework grounded in Maqashid Shariah. The content analysis indicates that CSR and zakat function as intermediary mechanisms linking Islamic ethical values with long-term organizational sustainability.

Figure 1 illustrates the conceptual framework developed from the analysis.

Figure 1. Proposed Maqashid-Based Sustainability Framework



Source: Developed by the authors, 2026

The framework demonstrates that sustainability is not achieved solely through ESG compliance but through the integration of Islamic ethical objectives into business strategy. CSR and zakat operate as practical mechanisms for translating religious principles into measurable sustainability outcomes.

This finding extends previous studies that primarily evaluate CSR disclosure quality or Maqashid performance separately. Instead, the present study integrates both perspectives into a single sustainability framework, thereby offering a more comprehensive understanding of sustainability within Islamic banking.

Theoretical and Practical Implications

The findings contribute to the literature in three important ways.

First, this study expands sustainability theory by incorporating Maqashid Shariah into sustainability reporting. Existing sustainability frameworks are largely based on ESG principles and often overlook the spiritual and ethical dimensions that characterize Islamic financial institutions.

Second, the study demonstrates that CSR and zakat disclosures should be viewed as strategic indicators of institutional sustainability rather than isolated philanthropic activities. This finding strengthens previous arguments that Islamic banking creates value through both financial performance and social impact.

Third, the proposed framework provides practical guidance for regulators, policymakers, and Islamic banks in developing sustainability reporting standards that better reflect Islamic ethical objectives. Integrating Maqashid Shariah into sustainability assessment could improve stakeholder accountability while reinforcing the distinctive identity of Islamic banking within the global sustainable finance landscape.

CONCLUSION

This study explored the contribution of Corporate Social Responsibility (CSR) and zakat disclosures to the achievement of *Maqashid Shariah* and the sustainability of Islamic banks in Indonesia through a qualitative content analysis of sustainability reports published during the period 2021–2025. The findings demonstrate that CSR and zakat function not merely as regulatory compliance or philanthropic initiatives but as strategic mechanisms that operationalize the objectives of *Maqashid Shariah* within contemporary Islamic banking practices. The analysis shows that sustainability initiatives

predominantly contribute to the protection of wealth, intellect, and life through financial inclusion, productive zakat, educational support, healthcare programs, and community empowerment.

Based on these findings, the study proposes a Maqashid-based sustainability framework that integrates CSR and zakat disclosures with the five dimensions of *Maqashid Shariah* to explain how Islamic ethical principles can generate stakeholder trust, social legitimacy, and sustainable value creation. The framework extends existing sustainability literature by bridging conventional ESG-oriented sustainability reporting with the normative objectives of Islamic finance, thereby offering a more comprehensive perspective on sustainability in Islamic banking.

The study contributes theoretically by enriching the discourse on sustainability reporting through the integration of *Maqashid Shariah* as a conceptual foundation for evaluating Islamic banking sustainability. Practically, the proposed framework may assist Islamic banks, regulators, and policymakers in developing sustainability reporting practices that better reflect the distinctive ethical and social objectives of Islamic finance. Despite these contributions, the findings are limited to Indonesian Islamic banks and rely exclusively on documentary evidence from sustainability reports. Future studies may validate and refine the proposed framework through cross-country comparisons, stakeholder interviews, or quantitative approaches to examine its applicability across different Islamic banking environments.

RECOMMENDATION

The findings suggest that Islamic banks should strengthen the integration of *Maqashid Shariah* principles into sustainability strategies by explicitly linking CSR and zakat programs to measurable sustainability outcomes rather than presenting them as separate social responsibility activities. Regulators and standard-setting bodies may also consider incorporating Maqashid-based indicators into sustainability reporting guidelines for Islamic financial institutions to better capture their distinctive ethical and socio-economic contributions. Furthermore, future research is encouraged to test the proposed framework in different institutional and geographical contexts and to develop measurable Maqashid-based sustainability indicators that complement existing ESG frameworks, thereby supporting more comprehensive sustainability assessment in Islamic banking.

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