



Analysis of Accountability Based on Sharia Enterprise Theory in Islamic Business

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Abstract. This study aims to explore the implementation of accountability based on Sharia Enterprise Theory (SET) within Islamic business, focusing on Cordova Indonesia Bookstore and Qur'an. A qualitative approach with a case study methodology is employed to provide an in-depth understanding of how accountability, grounded in Islamic principles, is applied in business operations. The findings reveal that Cordova Indonesia has implemented accountability by emphasizing responsibility to Allah SWT, fellow human beings, and the environment. The business integrates Islamic values such as honesty, justice, and ukhuwah in all aspects of its operations, from the production process to interactions with customers. The application of Sharia Enterprise Theory within this business emphasizes the balance between spiritual and material responsibilities, which not only leads to financial profit but also fosters social and spiritual well-being for employees and the community. This study provides insights into how Islamic businesses can implement accountability based on Islamic theory to create added value for all stakeholders.

Keywords: Sharia Enterprise Theory, Islamic accountability, Islamic business, Islamic accounting.

1 Introduction

As vicegerents on Earth, humans are responsible for managing and distributing all forms of resources provided by Allah. This management and distribution must be done justly and fairly as a trust (*amanah*) from Allah. In Islam, *amanah* is a universal concept tied to freedom, but this freedom is not absolute; it involves the freedom of others [1]. This concept of freedom then translates into the concept of accountability [2].

Accountability, in general, is defined as the obligation of the entrusted party (agent) to provide accountability, present reports, and disclose all activities conducted towards the party that holds the right and authority to demand such accountability [3]. This is exemplified in the relationship between palm oil plantations in Indonesia and the companies investing in them, where companies continue to invest and extract products despite ongoing human rights violations and environmental damage [4]. This case highlights that accountability in modern business is often grounded in secular values, with egoism and materialism dominating [5], [6].

In response to these issues, Islam offers Sharia accounting, which emphasizes accountability to Allah. Accountability, as the essence of Sharia accounting, involves not only reporting but also the consequences of these reports, which include rewards (Merit) and punishments (Sin) [7]. Therefore, accountability in Islam concerns what is true, honest, and just.

Honesty can be achieved when parties involved understand and implement accountability, placing Allah as the ultimate principal, while not neglecting their responsibility towards fellow humans and the environment. The concept of accountability, aligned with the trilogy of responsibility (to God, to humans, and to the environment), is implemented in Sharia Enterprise Theory (SET), as proposed by Triyuwono [8]. SET is a theory for entities that incorporates Islamic values [9]. SET emphasizes the balance between egoism and altruism in individuals, including in the conduct of economic activities [10].

SET conceptualizes two forms of responsibility: vertical accountability to Allah SWT and horizontal accountability to fellow humans and the environment. Horizontal accountability aligns with the concept in Sharia accounting that aims to achieve a balance between material and spiritual aspects [11]. Effective application of SET is supported by human resources or stakeholders who understand that every aspect of business must create sharia value added, realized in the form of economic, mental, and spiritual well-being [9].

Sharia value added should be the goal of any business with a Sharia label. Islamic business refers to activities with the motive of earning profit or engaging in commercial ventures, but done in accordance with Sharia principles. Today, it is common to find businesses that incorporate a Sharia label in their operations. However, it is crucial to assess whether these businesses truly implement Islamic law in their practices, particularly regarding accountability.

2 Literatur Review

Literature on accountability from an Islamic perspective begins with three fundamental concepts of life: *tawhid* (monotheism), *khalifah* (stewardship), and justice, which then derive the values of Islamic accountability. Accountability is understood as *hisab*, the obligation for every individual to account for all their efforts and activities before Allah, as implied in the Quran, such as the command for recording transactions in Surah Al-Baqarah, verse 282 [12]. In this context, accountability is not merely a technical reporting duty but the responsibility of the entrusted party (agent) to the one who entrusted (principal), which is grounded in values of honesty, justice, and truth [3]. Unlike conventional accountability, which is often criticized for being rooted in secularism, capitalism, and an egoistic and materialistic orientation that prioritizes the capital owners [5], [6], [13], Islamic accountability encompasses integrated economic, social, political, and religious objectives and directs humans, as *khalifah*, to manage resources justly and deliver *rahmatan lil 'alamin* (blessings for the world).

Triyuwono [8] then formulated the Sharia Enterprise Theory (SET) as a theoretical framework to operationalize Islamic accountability in business entities. SET places

Allah as the rightful owner of all wealth, so the primary accountability is vertical to Allah, which subsequently leads to horizontal accountability to humans (direct and indirect stakeholders) and the environment [8], [14]. The balance between material and spiritual aspects is maintained through the creation of sharia value-added, which not only provides economic well-being but also mental and spiritual welfare for all stakeholders [9]. The implementation of SET has been examined through reports on sharia value-added statements that reflect the economic, mental, and spiritual value added generated by Islamic businesses. Research by Putri [10] on Rumah Jahit Akhwat in Makassar, for instance, shows that the application of Islamic business principles and accountability based on SET can bring both material profits and spiritual growth for business actors, emphasizing honesty, sharia compliance, and widespread benefit distribution. These findings reinforce SET's position as a more holistic accountability theory compared to conventional accountability, which tends to focus solely on shareholder interests [15].

In the context of Islamic business, economic activities are viewed as part of worship and a means to seek Allah's blessings, as indicated in Surah Al-Jumu'ah, verse 10, At-Taubah, verse 111, and Al-Qashash, verse 77 [16]. Islamic business is defined as commercial activity to earn profits conducted according to sharia guidelines, with the goal of not only pursuing material gains but also seeking blessings, benefits for humanity, and environmental sustainability [17], [18]. Islamic values such as honesty, justice, and *ukhuwah* (brotherhood) form the foundation of business ethics that should be reflected in the accountability system [19]. In Indonesia, the proliferation of businesses using the 'sharia' label raises the question of whether their accountability practices differ significantly from conventional profit-oriented models. Cordova Indonesia, a major distributor of Islamic products in Makassar—including the Quran, Islamic books, dates, Hajj souvenirs, and herbal products—presents an interesting case for study as it promotes its identity as an Islamic business and engages in extensive relationships with consumers and resellers. This research positions itself to fill gaps in previous studies by analyzing how accountability based on Sharia Enterprise Theory is implemented in sharia distribution businesses like Cordova Indonesia, aiming to enrich the literature on Islamic accounting while providing practical insights for other Islamic businesses.

Building on this literature, Figure 1 sets out the conceptual framework that anchors the study in Sharia Enterprise Theory as a holistic model of Islamic accountability. Islamic accountability is theorised as originating from tawhid, khalifah and justice, and operationalised through vertical accountability to Allah SWT and horizontal accountability to humans and the environment, realised in the form of sharia value added that integrates economic, social, mental and spiritual outcomes. Prior empirical evidence shows that such an orientation can simultaneously generate financial performance, spiritual growth and broad stakeholder benefit, positioning SET as a more comprehensive alternative to conventional, shareholder centred accountability. Within this framework, the present study examines Cordova Indonesia as an Islamic business that claims a sharia identity, in order to assess how far its accountability practices embody the SET dimensions of responsibility to God, society and the environment.



Fig. 1. Conceptual Framework.

3 Research Method

This study uses a qualitative research method with a case study approach, aiming to describe and elaborate on the application of accountability based on Sharia Enterprise Theory (SET) in the Islamic business of Cordova Indonesia Bookstore and Qur'an. Qualitative research provides a deeper explanation of phenomena such as subject behavior, perceptions, motivations, or actions, using more detailed linguistic descriptions, natural settings, and broader coverage than traditional scientific methods. The case study approach explores specific cases in-depth, starting with data collection from various sources [20].

4 Result and Discussion

4.1 Overview of the Research Object

The research focuses on one Islamic business, Cordova Indonesia, located at Jl. Abdullah Daeng Sirua 460, Tello, Makassar City. This company is a major distributor providing Islamic products. As a trading business, Cordova Indonesia purchases

finished products and markets them to consumers. The focus on this business is due to the owner's and company's consistent application of Islamic values in their operations. This is evident in the Islamic-themed products offered, as well as the behavior and policies implemented by the business, which prioritize compliance with Islamic teachings.

4.2 Cordova Indonesia's Business Concept

Every business must have a concept to run its operations in a way that is directed towards achieving its goals. In this regard, Islam allows its followers the freedom to manage a business as long as it does not violate Islamic law. This is in line with what Umar Ibn Khattab stated, which was narrated by Imam at-Tirmidhi in his Sunan: "No one should sell in the market except for those who have knowledge (fiqh) in religious matters." This is also in accordance with the statement of Ahmad Mujaddid, the leader of Cordova Indonesia, who said, "Everyone must understand the rules set in Sharia to run a business. Muslims are discouraged from running businesses recklessly by ignoring Islamic values." The business values applied are based on how the Prophet Muhammad SAW acted and behaved as a merchant. The success of Prophet Muhammad SAW serves as a guide. Therefore, Islamic businesses must apply Islamic values in their operations, with three key values: honesty, justice, and ukhuwah (brotherhood) [6].

Cordova Indonesia applies the value of honesty, which can be seen in the production, sales, and profit-making processes. Every production process prioritizes honesty in procuring products that are halal and good for consumers, both in terms of quality and quantity. The sales process prioritizes honesty in providing transparent information to consumers, including in terms of price, contracts, and discounts. Meanwhile, the profit-making process prioritizes honesty in setting margins. Cordova Indonesia applies the value of justice, which can be seen in the production, sales, and profit-making processes. Every production process prioritizes justice in ensuring that the products sold are beneficial to the welfare of both Muslims and non-Muslims. The sales process prioritizes justice in treating all customers and employees equally, without discrimination, and upholding the dignity of every human being. The profit-making process prioritizes justice in providing products that cater to the needs of both Muslims and non-Muslims without harming the environment.

Cordova Indonesia applies the value of ukhuwah (brotherhood), which can be seen in the production, sales, and profit-making processes. Every production process prioritizes products that help build good relationships between people and the environment. The sales process prioritizes building a relationship of affection between the seller and the buyer through marketing and customer service carried out by the employees. Meanwhile, the profit-making process prioritizes both material and non-material profits, such as happiness and the pleasure of Allah SWT. Based on this, Cordova Indonesia reflects business values that apply honesty, justice, and ukhuwah. The impact that Cordova Indonesia experiences by applying these values of honesty and justice includes a sense of satisfaction in every transaction and the cultivation of trust among its customers, leading to repeated orders.

4.3 Application of Accountability Based on Sharia Enterprise Theory (SET) in Cordova Indonesia

The concept of accountability in Islam is related to hisab, or reckoning, on the Day of Judgment. This is in accordance with the words of Allah SWT in QS As-Saffat verses 22-24. This surah explains hisab, stating that on the Day of Judgment, every human being is obliged to account for all their actions in this world. This understanding of accountability is well-understood and applied by Cordova Indonesia. As emphasized by Mr. Mujaddid, the leader of Cordova Indonesia :

“ From the very beginning, the purpose of establishing this business was not solely to meet worldly material needs or to be profit-oriented. Rather, it includes a mission of dawah, which is to uphold the Sharia. Thus, from the outset, this mission was set as the goal for the establishment of this business.”

The consequence of any assignment is that humans are required to be accountable for the tasks given to them. Therefore, the accountability applied here is sacred accountability. The concept of accountability suggests that it is as though humans have entered into a contract with Allah SWT. Based on this contract, it reflects that Allah SWT is the ultimate principal who assigns humans the responsibility to distribute blessings and welfare to fellow humans and the environment. Below is the implementation of accountability based on Sharia Enterprise Theory in Cordova Indonesia's business.

Table 1. Implementation of Accountability in the Relationship Between Humans and God

	Element	Implementation
a.	Opportunity to perform worship for employees	Obligatory to perform prayers at the mosque
b.	Presence of the Emotional Spiritual Quotient (ESQ) program	Obligation to read the Qur'an and perform tahajjud (night prayer)

Table 2. Implementation of Accountability in the Relationship Between Humans and Fellow Humans

	Element	Implementation
a.	Motivation and enthusiasm to give to others	Zakat and charity
b.	Contribution from each business profit allocated for social funds	Educational and donation institutions
c.	Recruitment of employees from the general community, able to provide equal job opportunities for anyone	Assessing based on quality
d.	Involvement in the process of development or investment in infrastructure intended for the public interest	Development of mosques and houses of tahfiz (Quran memorization centers)

e.	Contributing economic implications in the form of providing welfare for employees, reflected through total salary and other benefits received by employees	Employee rewards
f.	Providing consumers with various payment facilities	Using Sharia and conventional banks
g.	Providing support to government efforts in addressing social inequality through business contributions	Allocating non-halal income for charitable funds

Table 3. Implementation of Accountability in the Relationship Between Humans and the Environment

	Element	Implementation
a.	Involvement of business in carrying out socialization or awareness programs for the community related to environmental activities	Contribution through WIZ (World Islamic Zakat)
b.	Business involvement in efforts related to the procurement of natural materials and products	Qualification of products
c.	Maintaining and caring for cleanliness, tidiness, and environmental sustainability around the business	Regular cleaning of display shelves

The implementation of SET elements in the business processes carried out by Cordova Indonesia can provide both material and non-material benefits. Material benefits are achieved by maintaining customer loyalty and trust to ensure continuous product purchases. As for non-material benefits, this includes spiritual and social aspects related to blessings and the pleasure of Allah SWT. The blessings and pleasure that Cordova Indonesia aims to achieve go beyond just material or financial gains.

5 Conclusion

Cordova Indonesia applies the concept of accountability based on Shariah Enterprise Theory (SET). Cordova Indonesia prioritizes the spiritual aspect in its business operations, both in its operational systems and policies for its employees. Based on the implementation of Islamic values in business, Cordova Indonesia fully applies the values of honesty, justice, and ukhuwah (brotherhood) to its employees, customers, and the surrounding community.

The value of honesty is reflected in how Cordova selects the products offered to consumers, considering their content, quantity, and quality. The value of justice is

reflected in the diversity of products sold, the service provided to consumers, the prices applied, and the relationship with employees, treating everyone equally without discrimination. The value of *ukhuwah* is reflected in the marketing and customer service processes, which always aim to build a good relationship with consumers through polite and friendly discussions about the products offered.

Regarding the implementation of Sharia Enterprise Theory elements, Cordova Indonesia has effectively applied accountability to Allah SWT. This is evident in elements such as providing opportunities for employees to worship and the presence of an Emotional Spiritual Quotient (ESQ) program. Furthermore, Cordova Indonesia also applies accountability to fellow humans. This is evident in elements such as providing motivation and encouragement to give, contributing a portion of the business profits to social funds, recruiting employees from the general public with equal job opportunities for anyone, participating in development or infrastructure investment aimed at public welfare, contributing economically by ensuring the well-being of employees, offering consumers various payment facility options, and supporting government efforts to address inequality through contributions that facilitate such initiatives. For accountability to the environment, Cordova Indonesia is currently implementing elements related to business involvement in conducting socialization or awareness programs for the community regarding environmental activities, engaging in efforts related to the procurement of natural materials and environmentally friendly products, and maintaining and caring for the cleanliness, tidiness, and sustainability of the surrounding environment of the Cordova Indonesia business.

The conclusions drawn are limited to the examination of a few elements that are characteristic of the general application of Shariah Enterprise Theory. The concept of Shariah Enterprise Theory is a relatively flexible concept, and the characteristics used to assess its application must be adapted to the operational activities of the business in question. Therefore, further research is needed to investigate the application of Shariah Enterprise Theory, where the elements that form it are tailored to the type of business being studied

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