

Islamic Perspective on University Sustainability Reporting

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Abstract—Almost all parties involve sustainability's issue, including universities. Universities have a critical role in sustainable development agenda. To strengthen its commitment to support the agenda, the university must prepare sustainability reporting. Sustainability reporting is a media of accountability to stakeholders, which informs them of the positive and negative impacts on economic, environmental and social aspects. However, the existing sustainability reporting standards cannot be applied to Islamic universities, because they cannot accommodate accountability to Allah. This paper aims to explain the necessary religious disclosure on sustainability reporting for Islamic University. A study of Universitas Ahmad Dahlan, Indonesia was conducted. Data were generated from in-depth interviews, review of documentary materials and observation, their website and from articles published in this field. This study found that sustainability reporting is activities that comply with the religious belief and the vision of the university. By doing so, Islamic university is able to fulfill obligations to Allah, society, the environment, and self. through the preparation of sustainability reporting.

Keywords—*accountability; islamic university; sustainability reporting; accounting*

I. INTRODUCTION

Sustainability is one biggest issue that has been present in many topics in private, governmental, and educational sectors. According the UNESCO, education has critical role to achieve sustainable goals, that is to creating a more just, peaceful, tolerant, inclusive, secure and sustainable world [1]. The main activity of the university is education, hence sustainability should be the point of interest. As state by [2]:

A higher educational institution, as a whole or as a part, that addresses, involves and promotes, on a regional, or a global level, the minimization of negative environmental, economic, societal, and health effects generated in the use of their resources in order to fulfill its functions of teaching, research, outreach and partnership, and stewardship in ways to help society make the transition to sustainable life-style.

Sustainability reporting is a reporting of an organization on its economic, environmental, and/or social impacts, and its contributions towards the goal of sustainable development [3].

As a report, it is a kind of communication between organizations and stakeholder. Sustainability reporting involves accountability of organization which have wider responsibilities than create wealth for their shareholder [4].

Major organizations throughout the world realize that sustainability reporting is a critical part of a company's strategy and there are great efforts to promote it among organizations and the society. The accounting report must be able to serve the needs of its users and dealing with the spirit of sustainable development, then the existence of accounting and the profession might be not in jeopardy [5]. Unfortunately, reporting on sustainability is not used as it should. The research conducted by Moneva et al., stated that many companies compile sustainability reports, however their activities do not reflect sustainability [6]. The reporting is only used as a legitimizing tool for management making decisions and company activities. Cho and Patten research shows similar results, that sustainability reporting is used as a legitimizing tool [7]. Companies that have poor environmental performance tend to disclose their sustainability information higher. This is done to ensure that their companies gain legitimacy from the community.

Many believe that sustainability reporting is a product of capitalism, because it expresses their self-interest image by presenting themselves as humane, benevolent, and socially responsible [8, 9]. Sustainability reporting is a "new models of organizational reporting" that containing superficial and cosmetic adjustment [4], then never sufficient for integrating into organization's strategy [10]. That is why the progress toward sustainability goals through preparing sustainability reporting is never achieved.

The reason for sustainability reporting cannot be achieved because sustainability reporting is based on the same guide as conventional reporting, that is capitalism [11]. Besides conventional accounting reporting and sustainability reporting has a different spirit [11], then spirit transformation is needed [5] in order to achieving the goals of sustainability reporting.

Developing sustainability reporting require holistic approach, that is religion. Several CSR literatures found that there is a relationship between religion and sustainability. The studies show that religion influences individual preferences,

managerial behavior, and decision making [12]. Religion has a role in shaping and enforcing ethical behaviour [13]. Religion, more especially, Islam teach about value, moral, ethics that guide a Muslim to achieve happiness in the hereafter. For a Muslim, Islam is not only a faith or way to worship, but also the way of life, guide all aspects of human life.

As stated in Quran: “And do not pursue that of which you have no knowledge. Indeed, the hearing, the sight and the heart – about all those [one] will be questioned” (Al Isra 17: 36), everyone will be responsible for his actions and words. In order to account for its actions, the university prepares a report, one of which is reporting sustainability. Due to problems in the development of current accounting standard, universities unable use the current sustainability reporting standards. Current standards may need to be changed and replaced [14], which are contradictory to Islamic view. Three main features as guidance standards that need to change, that is firstly, the sources of authority and enforcement and the concept of accountability differ for Islam. Secondly, basic beliefs and value are from the concept of self-interest. Thirdly, it believes that man has no inherent conception of justice, but are true opportunists [15].

Therefore, this paper attempts to explain the necessary religious disclosure on sustainability reporting for Islamic University.

II. METHOD

A qualitative research approach is undertaken to explore the study. Data is collected by interviewing informants. The informants of the study are the university leaders, academics, and the financial staff. Also, data is collected from observation, documentary literature, their website and from articles published in this field. Data obtained from various sources aims to obtain sufficient data and triangulation. Through triangulation with various methods of data collection, validity can be further improved [16]. Triangulation methods are often carried out through: [1] direct observation by researchers, [2] asking informants to explain and interpret "operational data", and [3] analyzing written documents and natural sites [17].

III. RESULTS

The findings of this study are presented in two sections: motives for sustainable university program and the conformity with university vision.

A. Motives of Sustainable University Program

In 2016, Ahmad Dahlan University, Indonesia has declared as an environmentally friendly and energy-efficient campus, marked by the built of a campus with the concept of smart and green building. This concept considers environmental issues in the context efficiency on resources, water saving, health protection, increasing productivity, and waste reduction coming out of the campus area. In the main campus area, urban forest parks will be built, which function as the area of shade, producing oxygen, and conserving rare plants.

The campus facilities are not only utilized by academics, but also the society at large. Inside the campus location, there is

an Observatory that can be used for research to verify the *hisab* (reckoning) of the *Tarjih* Assembly of the Central head of Muhammadiyah. Also, there is a waste management miniature that can be used by the society to learn about waste handling.

Recognizing its responsibilities to environment and society, this university has aim to be problem solver. “At least we don't enhance the problem, thankfully if this effort can be a model for solving environmental problems through green building” said the vice chancellor 2.

Through these endeavors, UAD become a role model to its students, society and to other universities that aim to engage in sustainability programs. All the civitas academica have an active role in the design, development and implementation of these programs.

B. Conformity with University Vision

This university has the vision to conduct activity with the Islamic-based spirit, and the development of this green campus program is confirm with the university's vision. As stated by a supervisory board “not only develop a green building, but also contains the soul and hope that are expected to emerge intelligent Muslim academics from all sides, both morally and scientifically”.

While the vice chancellor 1 said that “if the earth is damaged because of human behavior it means we have a moral responsibility to maintain the earth to this extent it is always beneficial for us”

“The application of Islamic values is very broad. Islamic guidance state that Moslem must maintain cleanliness, scrimp, maintain plants and animals. Also, do not leave a weak generation. If the environment is damaged, the next generation becomes weak” add the vice chancellor 2.

From the second statement of the vice chancellor, it is clear that sustainability is a consideration in specifying strategies to achieve the university's vision. Consideration of sustainability aspects will encourage universities to be fair and preserve equilibrium to meet the needs of future generations, which ultimately achieve a fully Islamic society.

IV. DISCUSSION

Sustainability accounting is derived from sustainable development concept [5], and sustainability reporting is a product of sustainability accounting. There are differences in perspective between conventional reporting and sustainability reporting. The purpose of conventional accounting is to disclose the company's responsibility regarding increasing the welfare of shareholders, therefore the point of interest is only profit. The company's operating activities are attempted to consume minimal inputs to produce optimal output, regardless of the impact on their environment.

Meanwhile, sustainability emphasizes the importance of the existence of the company not only beneficial for stakeholders, but also for the social and environment. This obligation goes beyond the role of the current business company. Friedman states that there is only one entity obligation, which is to increase company profits for shareholders [18].

This university has dealing with the challenge of sustainable development in many ways, especially develop environmentally friendly campus. The university is trying to build relationship with its environment and social, because it wants to be more caring and beneficial to the society at large. This university believe that one of the triggers of breakage is because organization disconnected from their natural context and disconnected form their social context [19]. The university realize that social and environmental responsibilities are one of community worship [20].

Protecting the environment and natural resources as well as safeguarding other creations is the duty of a Muslim, including universities. This statement is found in Al-Quran: And seek by means of what Allah has given you the future abode, and do not neglect your portion of this world, and do good (to others) as Allah has done good to you, and do not seek to make mischief in the land, surely Allah does not love the mischief-makers (Q.S. 28: 77). If there is a Muslim who does not take care of Allah's creation, even damages it, then in fact he is against the divine law.

At universities, sustainability reporting is a method used by universities to provide positive and negative information about teaching, research, service community, and operational activities that have considered economic, environmental and social aspects. In addition, sustainability reports are useful for communicating these activities to stakeholders, for example students, parents of students, government, alumni, and academics [21].

Sustainability reporting for Islamic universities is a medium of accountability to all stakeholders and to Allah S.W.T. Therefore, sustainability reporting compiled by Islamic universities as a form of worship and the ultimate goal is to receive al-Falah (benefit for the people in this world and hereafter) [15]. Reporting on sustainability is a form of *taqwa* (God consciousness) [9]. The manifestation of sustainability reporting is maintaining environmental balance and social justice as a form of community worship while considering the economy as a form of self-fulfillment.

Sustainability reporting for universities should disclose information about religious aspects, as information about the extent of university comply with Islamic law (sharia). Also, the reporting can be used to measure the extent to which the university's vision is achieved, which is based on Islamic values.

V. CONCLUSION

Adopting sustainability accounting requires a shift in perspective and spirit [5] that is more holistic, namely religion. Islam is guided by the Qur'an and Sunnah, which teaches about creed, worship, and morality and ethics. These three basic teachings are the foundation of daily Muslim life, for example in the fields of economics, politics, business, etc. [8], including in the preparation of sustainability reporting [9, 14].

Ahmad Dahlan University has initiated sustainability in its main activities, that are teaching, research and community service. Being a role model is the motivation of this university to be oriented towards sustainability to help solve the current

important problems, that are social inequality and environmental damage.

This effort is based on the university's vision, which is to integrate Islamic teachings in the process of intellectual improvement. Sustainability reporting is a manifestation of Muslim awareness, not only oriented to the economy (profit), but also to the social, environmental, and Allah [21]. Hence, sustainability reporting is a fulfillment of obligations to Allah, society, environment and self.

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