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RESEARCH ARTICLE

Cosmic balance and corporate conduct: An Islamic framework for integrating Corporate Social Responsibility and Sustainable Development Goals in Indonesia

Iffatin Nur[1]*, Indri Hadisiswati[1], Reni Dwi Puspitasari[1], Muhammad Thufaili Ubaidillah[2], and Haniefa Nuruddienil Fithriy[3]

[1]Faculty of Sharia and Legal Studies, UIN Sayyid Ali Rahmatullah, Tulungagung 66221, Indonesia
[2]Faculty of Islamic Studies, IAI Al-Fithrah, Surabaya 60129, Indonesia
[3]Yayasan 'Darul Ma'arif' Gebangbunder-Plandaan, Jombang 61456, Indonesia

Abstract – Corporate Social Responsibility (CSR) in Indonesia occupies a distinctive position at the intersection of statutory obligations, Islamic ethical values, and the global sustainable development agenda. Although Law No. 40 of 2007 and related regulations have transformed CSR from a largely voluntary commitment into a partially mandatory obligation, particularly for natural-resource-based industries, CSR implementation often remains fragmented and philanthropic in orientation. This article argues that maqāṣid al-sharīʿah, the higher objectives of Islamic law, provide a culturally relevant and ethically grounded framework for enhancing the strategic contribution of CSR to sustainable development. Employing a qualitative doctrinal and descriptive approach, the study examines Indonesia's CSR regulatory framework, Islamic ethical principles, and selected corporate practices. The findings demonstrate a strong alignment between the six objectives of maqāṣid al-sharīʿah—preservation of faith, life, intellect, lineage, wealth, and the environment—and the United Nations Sustainable Development Goals (SDGs). This alignment offers an integrated framework capable of transforming CSR from a compliance-driven activity into a strategic mechanism for social welfare, environmental stewardship, and inclusive development. The study further proposes a dynamic capability model consisting of sensing, seizing, and transforming capabilities to guide implementation. Future research should empirically evaluate the effectiveness of the proposed framework across different industrial sectors and regional contexts.

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Introduction

Corporate Social Responsibility (CSR) has evolved from a peripheral philanthropic activity into a central component of modern corporate governance and global strategy. In Indonesia, this evolution is shaped by a unique confluence of factors: a progressive yet partially enforced regulatory regime, persistent socio-economic development challenges, and a deeply ingrained Islamic ethical tradition. The inclusion of CSR obligations within Law No. 40 of 2007 on Limited Liability Companies (Undang-Undang Perseroan Terbatas/UU-PT), particularly Article 74, marked a pivotal moment, signalling a shift from voluntarism towards a partially mandatory regulatory regime, especially for companies whose operations involve or impact natural resources (Government of Indonesia, 2007a). This legal framework, reinforced by Government Regulation No. 47 of 2012 on Social and Environmental Responsibility (Government of Indonesia, 2012), reflects the State's interest in ensuring that economic activity aligns with public welfare and sustainable development priorities (Arifudin, 2008; Muchlis, 2021; Nur, 2025). However, the regulatory landscape alone does not fully explain the character or potential of CSR in Indonesia. The country's identity as the world's largest Muslim-majority nation encourages the emergence of Islamic perspectives on CSR. This discourse, grounded in *maqāṣid al-sharīʿah*—the higher objectives of Islamic law—frames corporate responsibility not as a mere legal or strategic choice, but as a moral imperative. *Maqāṣid* aims to preserve and promote essential human interests: faith *(dīn)*, life *(nafs)*, intellect *(ʻaql)*, lineage *(nasl)*, wealth *(māl)*, and, by contemporary extension, the environment *(bīʼah)* (Al-Ghazali, 2008; Nur *et al.*, 2020). This holistic framework provides a powerful normative compass for corporate engagement with society, one that aligns naturally with the global development agenda. The adoption of the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) provides a universal language and a comprehensive set of targets for addressing humanity's most pressing challenges. From poverty alleviation and health to environmental stewardship and institutional governance, the SDGs represent a collective commitment to a more equitable and sustainable future. For corporations, the SDGs offer a clear roadmap for transforming CSR from fragmented, often superficial initiatives into coherent, impactful strategies (Shayan *et al.*, 2022). In Indonesia, the convergence of legal mandates, Islamic ethical principles, and the SDG framework creates a unique opportunity to reconceptualise the role of business in society.

This paper argues that the *maqāṣid al-sharīʿah* framework serves as the critical missing link that can harmonise Indonesia's regulatory requirements with the aspirational goals of the SDGs. It provides the moral depth and cultural legitimacy that can move CSR beyond compliance towards genuine transformation. By situating CSR within both *Maqāṣid* and SDG frameworks, this paper illuminates how Indonesian corporations can better sense societal needs, seize sustainability opportunities, and reconfigure internal processes to contribute substantively to national development goals. The urgency of this task is underscored by Indonesia's persistent challenges: as of March 2024, the national poverty rate stood at 9.03 per cent, while in resource-rich regions such as Maluku and Papua, it remains a staggering 26.8 per cent

*CORRESPONDING AUTHOR | Iffatin N. | ✉ Iffatin@uinsatu.ac.id

(BPS, 2024). Furthermore, critical issues such as child stunting, affecting 35.5 per cent of children in East Nusa Tenggara (Khoeriyah *et al.*, 2025), and severe environmental degradation from extractive industries (IUCN-NL, 2025) demand a more robust and ethically driven corporate response. This paper proceeds as follows: Section 2 (Research Method) outlines the qualitative and doctrinal methodology employed. Section 3 (Findings and Discussion) presents the results from reviewing the literature on global CSR concepts, Indonesia's specific regulatory and practical context, and the foundational principles of Islamic CSR, and continues to present the core of this article: a detailed mapping of *maqāṣid al-sharīʿah* onto the SDGs, creating an integrated Islamic-SDG framework, analysing the application of this framework through case studies of Indonesian Islamic financial institutions, exploring the challenges and opportunities for broader adoption, and proposing a strategic model for implementation based on dynamic capabilities. Section 4 (Conclusion) offers conclusions and recommendations for corporate leaders, policymakers, and scholars.

Methodology

This study employs a qualitative and doctrinal methodology designed to examine CSR in Indonesia through three interconnected analytical lenses: statutory regulation, Islamic ethical principles, particularly *maqāṣid al-sharīʿah*, and practical corporate implementation. This combined approach allows for a rigorous interpretation of legal norms, a contextualised reading of Islamic jurisprudence, and an empirically informed assessment of corporate behaviour. This approach is appropriate for interpreting meanings, perspectives, and contextual relationships within complex socio-legal and religious phenomena (Creswell & Creswell, 2017; Flick, 2018).

Doctrinal Legal Analysis

A doctrinal approach was used to analyse Indonesia's CSR-related legislation, including Law No. 40/2007 on Limited Liability Companies (Government of Indonesia, 2007a), Law No. 25/2007 on Capital Investment (Government of Indonesia, 2007b), and Government Regulation No. 47/2012 (Government of Indonesia, 2012). This method facilitated the identification of legal obligations, interpretive challenges, and enforcement gaps within the existing framework. This analysis draws on legal scholarship and interpretive texts to understand the strengths and weaknesses of the current regulatory framework (Hutchinson & Duncan, 2012).

Islamic Jurisprudential Analysis

To explore CSR from an Islamic ethical perspective, this study examined key concepts such as *maṣlaḥah* (public benefit), *dar'u al-mafāsid* (harm prevention), and the *maqāṣid al-sharīʿah*. Classical jurisprudential sources and contemporary scholarship were analysed to clarify how Islamic ethics can inform modern corporate practice (Mishler, 1991). This approach seeks to understand how these ethical values are articulated and can be applied to modern corporate governance and social responsibility.

Qualitative descriptive and case study analysis

Secondary data—including corporate reports, academic studies, and public documentation—were reviewed to assess CSR practices in Indonesian corporations, particularly Islamic financial institutions. This approach enabled a contextual understanding of how normative principles are translated into practice (Sandelowski, 2000; Neuman, 2014).

Integrative synthesis

Rather than treating legal norms, Islamic ethics, and corporate practices as distinct domains, this research brings them into dialogue to identify conceptual gaps, tensions, complementarities, and opportunities. Guided by grounded theory principles (Strauss & Corbin, 1990), the study integrates findings from legal, ethical, and empirical domains to construct a harmonised framework for CSR implementation. This synthesis bridges conceptual theory with practical application, ensuring relevance to Indonesia's socio-legal context.

Results and Discussion

Global Concepts and Theoretical Foundations of CSR

The intellectual history of CSR is a trajectory from moral philosophy to strategic management. Early definitions in the 1950s, such as Howard R. Bowen's (2013) seminal work, framed CSR as the "obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society." This established CSR as a voluntary, ethical commitment beyond profit maximisation. The concept evolved significantly with Carroll's (1991) CSR Pyramid, which categorised corporate responsibilities into four hierarchical levels: economic, legal, ethical, and philanthropic. While influential, this model has been critiqued for its rigidity and Western-centric assumptions.

By the turn of the 21st century, stakeholder theory (Freeman, 2010) had shifted the paradigm, arguing that corporations are accountable not only to shareholders but to a broad range of stakeholders, including employees, consumers, communities, and the environment. This view integrated CSR into core business strategy and governance. More recently, the global sustainability agenda, particularly the SDGs, has provided a universal framework that aligns corporate social impact with global priorities. Scholars such as Vargas-Merino and Rios-Lama (2023) argue that CSR and the SDGs are mutually reinforcing: CSR provides corporate mechanisms to support sustainable development, while the SDGs offer a globally recognised benchmark for evaluating and directing CSR contributions. Their systematic review confirms a growing consensus that CSR is indispensable to achieving the SDGs, though corporate motivations and the depth of alignment vary significantly.

CSR in the Indonesian Context: Regulation and Practice

Indonesia is one of the few countries globally where CSR is explicitly mandated by national legislation. This regulatory orientation emerged from a recognition that voluntary CSR was insufficient to curb the negative externalities of resource extraction, such as environmental degradation and socio-economic inequality.

Regulatory evolution and the hybrid nature

The cornerstone of Indonesian CSR regulation is Article 74 of UU PT 40/2007, which mandates that companies engaged in natural resource sectors must undertake social and environmental responsibility. This was operationalised by Government Regulation No. 47/2012, which requires companies to integrate CSR into their corporate planning and budgeting processes. Other statutes, such as Law No. 25/2007 on Capital Investment, further reinforce this orientation (Arifudin, 2008). Despite this pioneering legal framework, significant gaps persist. First, enforcement remains inconsistent (Syarkani, 2025), and sanctions for non-compliance are rarely imposed, leading to a culture of compliance over commitment (Tanthowy, 2025). Second, the definition of "companies whose business activities are related to natural resources" is ambiguous, creating confusion about the mandate's scope (Editorial Team, 2025). Third, CSR obligations are primarily directed at extractive industries, leaving other major sectors less regulated. As a result, Indonesia's CSR model is best described as hybrid: legally mandated for some, voluntary for others, and often driven by a mix of compliance, philanthropy, and strategic considerations (Setiawan *et al.*, 2021).

CSR practices and sectoral dynamics

Empirical studies reveal that CSR implementation in Indonesia is often uneven and superficial. Many companies interpret CSR narrowly, focusing on philanthropic activities such as donations, community events, and charitable efforts during religious holidays. While these generate goodwill, they often lack long-term impact and strategic alignment with local development needs or national priorities (Santoso & Raharjo, 2022). There is a noted tendency to emphasise the social and economic dimensions of the triple bottom line, while the environmental dimension remains underdeveloped, a common issue in sustainability reporting globally (Milne & Grey, 2013). Nevertheless, strong models are emerging. Islamic financial institutions demonstrate how CSR can be both values-driven and strategic. Their programmes often focus on community empowerment, education, environmental stewardship, and poverty alleviation, reflecting a deeper integration of ethical principles into corporate practice (Indriani *et al.*, 2021).

Islamic Perspectives on CSR: Maqāṣid al-sharīʿah as an Ethical Foundation

Islamic perspectives provide a distinctive ethical foundation for Corporate Social Responsibility through the framework of *maqāṣid al-sharīʿah*, which seeks to preserve and promote human welfare (*maṣlaḥah*) while preventing harm (*mafsadah*) (Dusuki & Abdullah, 2007; Nur & Muttaqin, 2020). Traditionally, the framework encompasses the preservation of religion (*ḥifẓ al-dīn*), life (*ḥifẓ al-nafs*), intellect (*ḥifẓ al-ʻaql*), lineage (*ḥifẓ al-nasl*), and wealth (*ḥifẓ al-māl*), while contemporary scholars increasingly recognise environmental preservation (*ḥifẓ al-bī'ah*) as an additional objective reflecting contemporary ecological challenges (Nur *et al.*, 2020). Within this perspective, business activities are not solely evaluated by profitability but also by their contribution to justice (*ʻadl*), public welfare, and sustainable social development. Corporate responsibility, therefore, extends beyond legal compliance and reputational concerns to encompass moral accountability to society and God (Mais *et al*., 2025). Consequently, *maqāṣid al-sharīʿah* offers a comprehensive framework for aligning CSR initiatives with both local ethical values and global sustainability objectives.

An integrated framework: Mapping Maqāṣid al-sharīʿah to the SDGs

The principal contribution of this study is the development of an integrated framework that links *maqāṣid al-sharīʿah* to the United Nations Sustainable Development Goals (SDGs) as a normative foundation for Islamic Corporate Social Responsibility (ICSR). As illustrated in Figure 1, the framework demonstrates that the ethical objectives of Islamic law and contemporary sustainable development priorities are not competing paradigms but mutually reinforcing systems that share a common concern for human welfare, justice, and sustainability (Dusuki & Abdullah, 2007; Sayedahmed & Abuznaid, 2019). While the SDGs provide globally recognised development targets and measurable indicators, *maqāṣid al-sharīʿah* offers a moral and spiritual framework through which those targets may be interpreted and implemented. The SDGs primarily define what should be achieved, whereas *maqāṣid al-sharīʿah* provides ethical guidance regarding why such objectives should be pursued and how they should be realised. Consequently, integrating these frameworks allows corporations to align business practices with both international sustainability standards and locally embedded religious values (Jan *et al.*, 2023; Vargas-Merino & Ríos-Lama, 2023). This integration is particularly relevant in Indonesia, where sustainable development initiatives operate within a social context strongly influenced by religious values and communal norms. By connecting CSR programmes with both *maqāṣid* principles and SDG targets, corporations can strengthen the legitimacy, effectiveness, and long-term sustainability of their social and environmental interventions (Setiawan *et al.*, 2021; Setiawan, 2023). An integrated *Maqāṣid al-Sharīʿah* -SDG framework is shown in Figure 1.

Figure 1. Integrated *Maqāṣid al-Sharīʿah*–SDG framework for Islamic corporate social responsibility
Source: Developed by the authors based on *maqāṣid al-sharīʿah* theory (Al-Ghazali, 2008; Dusuki & Abdullah, 2007; Nur *et al*., 2020) and SDG framework synthesis.

As illustrated in Figure 1, the relationship between *maqāṣid al-sharīʿah* and the SDGs can be understood through six interconnected dimensions that collectively guide Islamic Corporate Social Responsibility. While each objective addresses a distinct aspect of human welfare and sustainable development, they operate as a mutually reinforcing system to achieve comprehensive social, economic, and environmental well-being. The framework therefore bridges religiously grounded ethical principles with internationally recognised development goals, providing a coherent basis for CSR implementation in Indonesia. The following discussion examines each *maqāṣid* objective in greater detail and explores its contribution to achieving relevant SDGs in the Indonesian corporate context.

Preservation of faith (ḥifẓ al-dīn): SDG 16 & SDG 17

The preservation of faith (*ḥifẓ al-dīn*) constitutes the foundational objective of *maqāṣid al-sharīʿah* because it shapes ethical conduct, social responsibility, and accountability in both private and public life. In contemporary corporate settings, this objective extends beyond religious observance to encompass honesty, transparency, integrity, justice, and responsible governance (Dusuki & Abdullah, 2007; Nur *et al.*, 2020). This objective aligns closely with SDG 16 (Peace, Justice and Strong Institutions), which emphasises accountability, transparency, rule of law, and institutional integrity. Corporate practices such as anti-corruption measures, ethical leadership, stakeholder accountability, and transparent reporting therefore represent practical manifestations of *ḥifẓ al-dīn* within modern business organisations (Carroll, 1991; Setiawan, 2023). A further connection can be identified with SDG 17 (Partnerships for the Goals). Islamic teachings emphasise *taʿāwun* (cooperation) and collective responsibility in addressing societal challenges. Consequently, partnerships among corporations, governments, civil society organisations, religious institutions, and local communities may be understood as contemporary expressions of ethical collaboration aimed at promoting public welfare (*maṣlaḥah*) (Dusuki & Abdullah, 2007; Jan *et al.*, 2023). For Indonesian corporations, integrating *ḥifẓ al-dīn* into CSR strategy implies that social responsibility should not be limited to charitable activities. Rather, ethical governance, stakeholder trust, institutional transparency, and collaborative problem-solving should be recognized as essential components of sustainable corporate conduct.

Preservation of life (ḥifẓ al-nafs): SDG 3, SDG 6, SDG 13

The preservation of life (*ḥifẓ al-nafs*) seeks to protect human existence, dignity, health, and security. Classical Islamic scholarship treated the protection of life as one of the highest objectives of law, while contemporary interpretations extend this concern to include environmental conditions that directly affect human well-being and survival (Al-Ghazali, 2008; Nur *et al.*, 2020). This objective corresponds directly with SDG 3 (Good Health and Well-Being), which promotes access to healthcare, disease prevention, and improved quality of life. Corporate initiatives such as health services, medical assistance programmes, occupational safety measures, and disaster-relief activities therefore contribute directly to the realisation of *ḥifẓ al-nafs* (Indriani *et al.*, 2021; Jan *et al.*, 2023). The relationship also extends to SDG 6 (Clean Water and Sanitation), as access to safe water and adequate sanitation constitutes a fundamental prerequisite for preserving life and preventing disease. Corporate investments in clean water infrastructure, sanitation facilities, and community health programmes thus represent practical applications of this objective (Sayedahmed & Abuznaid, 2019). Furthermore, growing awareness of climate-related risks has strengthened the connection between *ḥifẓ al-nafs* and SDG 13 (Climate Action). Environmental degradation, pollution, and climate change increasingly threaten public health and human security. Consequently, corporate efforts to reduce emissions, improve environmental management, and enhance climate resilience may be understood as contemporary extensions of the obligation to protect life (Sayedahmed & Abuznaid, 2019; Setiawan *et al.*, 2021). In the Indonesian context, where communities continue to face challenges related to public health disparities, environmental degradation, and climate vulnerability, integrating *ḥifẓ al-nafs* into CSR strategies provides a compelling ethical basis for sustained investment in human well-being and environmental protection (BPS, 2024; Setiawan *et al.*, 2021).

Preservation of intellect (ḥifẓ al-'aql): SDG 4, SDG 9

The preservation of intellect (*ḥifẓ al-ʿaql*) reflects Islam's strong commitment to knowledge, learning, critical reasoning, and intellectual development. The Qur'anic emphasis on education and reflection positions knowledge as an essential prerequisite for both individual flourishing and societal advancement (Al-Ghazali, 2008; Nur *et al.*, 2020). This objective aligns most directly with SDG 4 (Quality Education), which seeks to ensure inclusive and equitable educational opportunities for all. Corporate support for scholarships, educational facilities, vocational training, teacher development, and digital literacy programmes represents a practical contribution to the realisation of *ḥifẓ al-ʿaql* (Indriani *et al.*, 2021; Jan *et al.*, 2023). A complementary relationship also exists with SDG 9 (Industry, Innovation and Infrastructure). Contemporary economic development increasingly depends on innovation, technological advancement, and knowledge-based industries. Consequently, investments in research, innovation ecosystems, technological infrastructure, and workforce development contribute not only to economic growth but also to the cultivation of intellectual capacity and human potential (Vargas-Merino & Ríos-Lama, 2023). For Indonesian corporations, adopting a broader interpretation of *ḥifẓ al-ʿaql* encourages CSR programmes that move beyond short-term educational assistance toward sustained investments in innovation, digital transformation, human capital development, and lifelong learning. Such initiatives can strengthen both societal resilience and long-term national competitiveness.

Preservation of lineage (ḥifẓ al-nasl): SDG 1, SDG 2, SDG 5, SDG 10

Within *maqāṣid al-sharīʿah*, the preservation of lineage extends beyond biological continuity to encompass the protection of family welfare, social stability, human dignity, and the well-being of future generations. Contemporary Islamic scholarship increasingly interprets *ḥifẓ al-nasl* as requiring the creation of social conditions that enable individuals and families to flourish across generations (Dusuki & Abdullah, 2007; Muchlis, 2021). This objective aligns closely with SDG 1 (No Poverty), SDG 2 (Zero Hunger), SDG 5 (Gender Equality), and SDG 10 (Reduced Inequalities). Poverty, food insecurity, gender discrimination, and social exclusion undermine the capacity of families and communities to achieve sustainable well-being. Consequently, CSR initiatives that support livelihood development, food security, women's empowerment, and social inclusion contribute directly to the preservation of lineage in both its social and intergenerational dimensions (Jan *et al.*, 2023; Sayedahmed & Abuznaid, 2019). Islamic redistributive instruments such as *zakāt* (alms), *waqf* (trust), *ṣadaqah* (charity), and *qarḍ al-ḥasan* (interest-free loan) provide practical mechanisms for addressing structural inequalities and enhancing community resilience. Their integration into contemporary CSR programmes demonstrates how Islamic ethical principles can support inclusive development while advancing SDG objectives (Jan *et al.*, 2023). For Indonesian corporations, adopting a lineage-oriented perspective encourages a transition from short-term charitable activities toward sustainable programmes that strengthen household welfare, educational opportunities, social mobility, and gender equity. Such initiatives not only benefit present communities but also contribute to the welfare of future generations.

Preservation of wealth (ḥifẓ al-māl): SDG 8, SDG 12

In Islamic thought, wealth is regarded as a trust (*amānah*) that must be generated, managed, and distributed responsibly. Accordingly, the preservation of wealth encompasses not only the protection of assets but also the promotion of ethical economic activity, equitable distribution, and long-term sustainability (Dusuki & Abdullah, 2007; Muchlis, 2021). This perspective corresponds strongly with SDG 8 (Decent Work and Economic Growth) and SDG 12 (Responsible Consumption and Production). The Islamic conception of economic responsibility rejects exploitation, fraud, excessive concentration of wealth, and environmentally harmful business practices. Instead, it emphasises fairness, transparency, accountability, and shared prosperity (Jan *et al.*, 2023; Setiawan, 2023). From a CSR perspective, preserving wealth requires corporations to ensure fair wages, safe working conditions, ethical supply chains, and responsible resource utilisation. Corporate strategies that promote circular economy principles, waste reduction, sustainable sourcing, and responsible production further reflect the ethical stewardship embedded within *ḥifẓ al-māl* (Milne & Gray, 2013; Setiawan, 2023). This broader understanding challenges narrow profit-maximisation models by positioning economic performance within a framework of social responsibility and environmental sustainability. Consequently, corporate success is evaluated not solely by financial returns but also by its contribution to societal welfare and long-term economic resilience.

Preservation of the Environment (ḥifẓ al-bī'ah): SDG 7, SDG 13, SDG 14, SDG 15

Although environmental preservation was not explicitly included among the classical five necessities of *maqāṣid al-sharīʿah*, contemporary scholars increasingly recognise *ḥifẓ al-bī'ah* as an essential objective in response to growing ecological challenges. This development reflects Islamic teachings concerning stewardship (*khilāfah*), balance (*mīzān*), and the prohibition of environmental destruction (*fasād*) (Nur *et al.*, 2020; Sayedahmed & Abuznaid, 2019). The objective aligns naturally with SDG 7 (Affordable and Clean Energy), SDG 13 (Climate Action), SDG 14 (Life Below Water), and SDG 15 (Life on Land). Together, these goals emphasise the protection of ecosystems, biodiversity conservation, climate resilience, and sustainable resource management (Sayedahmed & Abuznaid, 2019).

For corporations, environmental responsibility extends beyond regulatory compliance. It involves actively reducing ecological footprints, investing in renewable energy, promoting sustainable production systems, restoring degraded environments, and protecting natural resources affected by business activities. Such initiatives represent practical expressions of humanity's role as stewards of the earth (IUCN-NL, 2025; Setiawan, 2023). Given Indonesia's ongoing environmental pressures associated with industrialisation and natural resource extraction, integrating *ḥifẓ al-bī'ah* into CSR frameworks offers both an ethical imperative and a strategic opportunity to advance sustainable development (IUCN-NL, 2025; Setiawan *et al.*, 2021). The foregoing analysis indicates that the relationship between *maqāṣid al-sharīʿah* and the SDGs is neither incidental nor merely symbolic. Rather, both frameworks pursue complementary objectives centred on human well-being, social justice, environmental sustainability, and responsible governance. While the SDGs provide globally recognised development targets, *maqāṣid al-sharīʿah* provides an ethical and spiritual foundation that can strengthen corporate commitment to sustainable development. The integration of these frameworks therefore offers a comprehensive model through which Indonesian corporations can align legal obligations, religious values, and sustainability objectives within a single strategic framework.

Empirical Application: Indonesian Corporate Practices Through the Islamic–SDG Lens

Islamic financial institutions as a model

The preceding analysis demonstrates that the objectives of *maqāṣid al-sharīʿah* correspond closely with the Sustainable Development Goals and provide a coherent ethical foundation for CSR. The practical relevance of this framework can be observed through selected examples of Indonesian corporate practice. Although organisations may differ in their institutional character and operational sectors, the following cases illustrate how Islamic ethical principles and sustainability objectives can be translated into concrete programmes that generate social, economic, and environmental value. Islamic banks in Indonesia and Malaysia have been widely studied as exemplars of ethical and SDG-oriented CSR. Such findings show that Islamic corporate sustainability practices positively affect financial performance; the strongest contributions relate to social empowerment and environmental stewardship; and programmes grounded in *zakāt, waqf*, and *qard al-ḥasan* lead to measurable community impact (Jan *et al.*, 2023).

The Islamic Corporate Sustainability Practices Index (ICSPI) shows that Islamic banks in Indonesia implement CSR practices rooted in *Maqāṣid*, resulting in measurable community empowerment, environmental stewardship, and improved financial performance. These banks demonstrate that Islamic CSR is both ethically grounded and economically advantageous (Jan *et al.*, 2023). These results show that integration of *Maqāṣid* and SDGs is not merely theoretical; it enhances profitability, legitimacy, and institutional stability. For example, a mining company in Papua operating under the mandatory CSR law might simply build a mosque or a community hall. While commendable, this is philanthropy. Using the *Maqāṣid* framework, the company would be guided to ask deeper questions:

i) *Ḥifẓ al-nafs* and *Ḥifẓ al-bī'ah*: Are our operations polluting local water sources, impacting community health? We must fund clean water systems and rigorous environmental remediation (SDGs 3, 6, 14, 15).
ii) *Ḥifẓ al-māl* and *Ḥifẓ al-nasl*: Are we providing local, decent-paying jobs and supporting local entrepreneurs to create sustainable livelihoods beyond our mine's lifespan (SDGs 1, 8)?
iii) *Ḥifẓ al-'aql*: Are we investing in the education of local children to equip them for a future not dependent on mining (SDG 4)?

This framework transforms CSR from a reactive, peripheral activity into a proactive, strategic one that is deeply integrated with the company's social license to operate and its long-term sustainability.

Case study 1: Bank Syariah Indonesia

Bank Syariah Indonesia (BSI) represents one of the most developed examples of Islamic Corporate Social Responsibility in Indonesia. As the country's largest Islamic financial institution, BSI explicitly incorporates social responsibility programmes into its broader commitment to *maqāṣid al-sharīʿah* and sustainable development. Its CSR initiatives demonstrate how Islamic ethical values can be operationalised through structured programmes addressing economic empowerment, education, health, and environmental sustainability (Indriani *et al.*, 2021; Jan *et al.*, 2023).

Case study 2: PT Amman Mineral Nusa Tenggara

While not an Islamic institution, PT *Amman Mineral Nusa Tenggara* (AMNT), a mining company operating in West Sumbawa, provides an interesting case of evolving CSR practice. Initially focused on philanthropic "community development," its strategy has shifted towards more sustainable, long-term empowerment. This shift mirrors a move towards the *maqāṣid* ethos, even if not explicitly so named.

i) From Philanthropy to Empowerment: AMNT's programmes now emphasise creating economic independence through its local business development programme, which trains and mentors local entrepreneurs to join its supply chain. This aligns with *ḥifẓ al-māl* and *ḥifẓ al-nasl* (SDG 8).
ii) Health and Education: The company has invested significantly in building hospitals and schools and improving public health infrastructure, directly contributing to *ḥifẓ al-nafs* and *ḥifẓ al-'aql* (SDGs 3 and 4).
iii) Environmental Management: As a mining company, its environmental CSR is critical. AMNT's efforts in mine reclamation and water management are steps towards fulfilling *ḥifẓ al-bī'ah* (SDG 15).

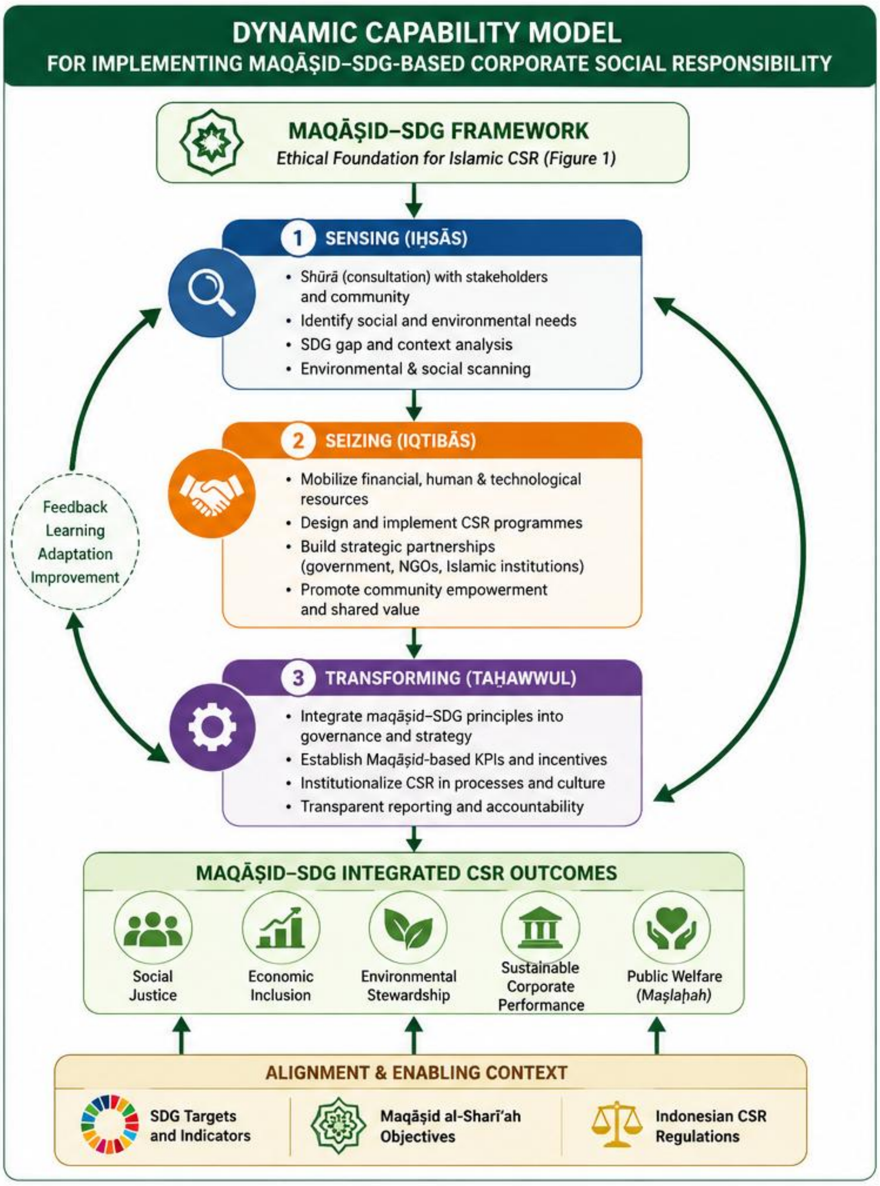

Figure 2. Dynamic capability model for implementing *Maqāṣid*–SDG-based corporate social responsibility
Source: Adapted from Teece *et al.* (1997) and developed by the authors

AMNT's case shows that even in a challenging extractive industry, a strategic CSR approach that mirrors the principles of *maqāṣid* can lead to more sustainable community relations and long-term value creation. The preceding examples demonstrate that the integration of *maqāṣid al-sharīʿah* and the Sustainable Development Goals is not merely a theoretical proposition but can be translated into concrete corporate practices. Nevertheless, the effectiveness and sustainability of such initiatives depend on the organisational capabilities that enable corporations to identify societal needs, mobilise resources, and institutionalise ethical commitments over time. This observation raises an important question: how can corporations systematically operationalise the *Maqāṣid*–SDG framework within their strategic and managerial processes? To address this question, the following section proposes a dynamic capability model that provides a practical pathway for implementing and sustaining *Maqāṣid*-based Corporate Social Responsibility (see Figure 2). Figure 2 presents the dynamic capability model proposed for implementing *Maqāṣid*–SDG-based Corporate Social Responsibility. Adapted from Teece *et al.*'s (1997) dynamic capabilities framework, the model conceptualises CSR implementation as a continuous process of sensing societal and environmental needs, seizing opportunities through strategic resource mobilisation, and transforming organisational structures to institutionalise ethical and sustainable practices. The cyclical nature of the model reflects the ongoing adaptation required to address evolving stakeholder expectations and sustainable development challenges.

As shown in Figure 2, effective implementation of the *Maqāṣid*–SDG framework requires more than normative commitment. Corporations must develop organisational capabilities that enable them to identify emerging social and environmental challenges, mobilise resources strategically, and embed ethical principles within governance structures and corporate culture. The proposed model therefore translates the ethical vision illustrated in Figure 1 into a practical mechanism for implementing sustainable CSR. By linking sensing, seizing, and transforming capabilities in a continuous cycle, the framework supports long-term organisational learning and adaptive responses to changing societal needs. The dynamic capability model comprises three interdependent capabilities that collectively support the implementation of *Maqāṣid*–SDG-based CSR. Each capability performs a distinct function within the organisational adaptation process, yet its effectiveness depends on continuous interaction and mutual reinforcement. The following subsections examine the roles of sensing (*iḥsās*), seizing (*iqtibās*), and transforming (*taḥawwul*) in greater detail.

A Strategic Model for Implementation: Dynamic Capabilities for Islamic CSR

While the integration of *maqāṣid al-sharīʿah* and the Sustainable Development Goals provides a compelling normative framework for Corporate Social Responsibility, effective implementation requires organisations to develop the institutional capacity necessary to translate ethical commitments into concrete actions. To address this challenge, this study adapts the dynamic capabilities framework developed by Teece *et al.* (1997) and applies it to the context of Islamic CSR. Dynamic capabilities refer to an organisation's ability to sense opportunities and challenges, seize strategic opportunities through resource mobilisation, and transform organisational structures and practices in response to changing environments. In the context of Islamic CSR, these capabilities enable corporations to align business strategies with the ethical objectives of *maqāṣid al-sharīʿah* while simultaneously contributing to sustainable development outcomes (Teece *et al.*, 1997). As illustrated in Figure 2, the proposed model consists of three interrelated capabilities—sensing (*iḥsās*), seizing (*iqtibās*), and transforming (*taḥawwul*)—which collectively support the institutionalisation of *Maqāṣid*–SDG-based CSR:

Sensing (ihsās): identifying needs through an Islamic lens

The first capability involves identifying and interpreting societal needs, environmental challenges, and stakeholder expectations through the lens of *maṣlaḥah* (public welfare). Unlike conventional stakeholder analysis, which often prioritises reputational or economic considerations, the Islamic perspective emphasises the proactive identification of issues that affect human well-being, social justice, and environmental sustainability (Dusuki & Abdullah, 2007; Teece *et al.*, 1997). Effective sensing may be achieved through several mechanisms. First, corporations can engage in *shūrā* (consultative dialogue) with community leaders, religious scholars (*ʻulamā*), civil society organizations, and local stakeholders to identify priority concerns. Second, national and regional SDG indicators may be used to identify development gaps relevant to corporate operations. Third, environmental and social impact assessments can be employed not merely as regulatory requirements but as instruments for anticipating and preventing harm before it occurs (BPS, 2024; Setiawan *et al.*, 2021). Within the proposed framework, sensing serves as the foundation for ethical decision-making because it enables corporations to recognise where their resources and influence can generate the greatest contribution to sustainable development and public welfare.

Seizing (iqtibās): mobilising Resources for ḥalāl and ṭayyib CSR

Once social and environmental priorities have been identified, corporations must mobilise resources and partnerships capable of addressing those needs effectively. This capability corresponds to the strategic allocation of financial, human, technological, and organisational resources toward programmes that are not only legally permissible (*ḥalāl*) but also socially beneficial (*ṭayyib*) (Teece *et al.*, 1997). Implementation may involve establishing dedicated CSR budgets linked to specific *Maqāṣid*–SDG objectives, forming partnerships with governmental agencies and civil society organisations, or collaborating with Islamic institutions such as the Indonesian National Zakāt Collection Agency (Badan Amil Zakat Nasional/BAZNAS), *waqf* organisations, and Islamic boarding schools (*pesantren*). Such partnerships can improve programme legitimacy, local acceptance, and long-term sustainability (Indriani *et al.*, 2021; Jan *et al.*, 2023). From an

Islamic perspective, resource mobilisation should prioritise empowerment rather than dependency. Consequently, CSR initiatives emphasising education, vocational training, entrepreneurship development, and community capacity-building are generally more consistent with *maqāṣid* objectives than short-term charitable distributions (Jan *et al.*, 2023; Muchlis, 2021). Accordingly, seizing represents the strategic process by which ethical commitments are translated into tangible programmes that produce measurable social, economic, and environmental outcomes.

Transforming (taḥawwul): institutionalising Islamic CSR

The final and most critical capability involves embedding *Maqāṣid*–SDG principles into organisational structures, governance systems, and corporate culture. Sustainable CSR cannot depend solely on individual programmes or leadership initiatives; rather, it must become an integral component of organisational strategy and decision-making processes (Teece *et al.*, 1997). Institutionalisation may occur through several mechanisms. At the governance level, corporations may establish dedicated CSR committees or Shariah advisory structures to ensure alignment among business practices, CSR activities, and ethical objectives. At the managerial level, *Maqāṣid*-based performance indicators can be integrated into strategic planning and executive evaluation systems. At the reporting level, organisations may develop integrated sustainability reports that explicitly demonstrate contributions to both SDGs and *maqāṣid* objectives (Jan *et al.*, 2023; Setiawan, 2023).

Equally important is the development of an organisational culture that recognises social responsibility as a core component of corporate identity rather than a peripheral obligation. Employees at all levels should understand how their activities contribute to broader objectives of stewardship (*khilāfah*), justice (*ʻadl*), and public welfare (*maṣlaḥah*) (Dusuki & Abdullah, 2007; Nur *et al.*, 2020). Through this process of transformation, CSR evolves from a compliance-oriented function into a strategic capability embedded within the organisation itself. This institutionalisation strengthens corporate resilience, enhances stakeholder trust, and supports long-term sustainable development outcomes. The dynamic capability model proposed in this study provides a practical pathway for operationalising the integration of *maqāṣid al-sharīʿah* and the SDGs within corporate settings. By systematically developing capabilities for sensing societal needs, seizing opportunities for ethical intervention, and transforming organisational structures, corporations can move beyond fragmented and philanthropic CSR practices toward a more strategic, sustainable, and values-driven approach. In this way, the model complements the conceptual framework presented in Figure 1 by providing a mechanism for translating ethical principles into measurable developmental outcomes.

Conclusions

This study demonstrates that *maqāṣid al-sharīʿah* provides a comprehensive ethical foundation for strengthening Corporate Social Responsibility and aligning corporate practices with the Sustainable Development Goals (SDGs) in Indonesia. The analysis reveals substantial convergence between the six objectives of *maqāṣid*—preservation of faith, life, intellect, lineage, wealth, and the environment—and contemporary sustainable development priorities. Through this alignment, CSR can be repositioned from a compliance-oriented obligation into a strategic instrument for promoting social justice, environmental stewardship, and inclusive development. The study makes two principal contributions. First, it proposes an integrated *Maqāṣid*–SDG framework that demonstrates how Islamic ethical objectives can complement globally recognised sustainability goals in guiding corporate responsibility initiatives. Second, it develops a dynamic capability model comprising sensing (*iḥsās*), seizing (*iqtibās*), and transforming (*taḥawwul*) capabilities to facilitate the implementation and institutionalisation of *Maqāṣid*–SDG-based CSR in organisational settings.

The discussion further indicates that Indonesia's CSR landscape is uniquely positioned to benefit from this integration, as corporate responsibility is shaped by regulatory requirements, sustainability expectations, and religiously informed ethical values. The illustrative cases presented in this study suggest that CSR initiatives grounded in both *maqāṣid* principles and SDG objectives can contribute to organisational legitimacy, stakeholder trust, and long-term societal welfare. Future research should empirically test the proposed framework across industries and regions in Indonesia, evaluate the effectiveness of *Maqāṣid*-based CSR indicators, and explore the relationship between the implementation of Islamic CSR and measurable sustainability outcomes. Comparative studies involving other Muslim-majority countries may also provide valuable insights into the framework's broader applicability.

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Conflict of Interests

The authors declare no conflicts of interest.

Author Contributions

Iffatin Nur and Indri Hadisiswati: Designed the study, interpreted the data, and wrote the draft of the article;

Reni Dwi Puspitasari, Muhammad Thufaili Ubaidillah and Haniefa Nuruddienil Fithriy: Collected the research data and edited the draft;

All authors contributed to writing the revised version and reviewed and approved the final version.

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