Determinants of islamic social reporting on sharia commercial banks of indonesia

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A B S T R A C T

This paper intends to confirm the effect of profitability, leverage, sharia compliance, firm size and investment account holders on the disclosure of Islamic Social Reporting. So that practitioners, academics and the public can fully understand the accountability and full disclosure of Islamic commercial banks based on sharia. This paper applies legitimacy theory to developed the hypotheses linking between ISR and the determinants (profitability, leverage, sharia compliance, firm size and investment account holders). Purposive sampling technique was used in the selection of research samples. The sample obtained is twelve Islamic banks that can be studied as a sample. Classical assumption test, multiple linear regression, f test, R test, and t-test were used in this study. This paper finds that the level of ISR disclosure is still low (56.8%). We also find that Islamic Social Reporting disclosure is affected by profitability, firm size and investment account holders. Meanwhile, the disclosure of Islamic Social Reporting is not affected by leverage and sharia compliance.

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A B S T R A K

Penelitian ini bermaksud untuk mengkonfirmasi pengaruh profitabilitas, leverage, kepatuhan syariah, ukuran perusahaan dan investment account holders pada pen-gungkapan Islamic Social Reporting. Sehingga praktisi, akademisi dan masyarakat dapat memahami sepenuhnya akuntabilitas dan pengungkapan penuh bank umum syariah berbasis syariah. Penelitian menerapkan teori legitimasi untuk mengembangkan hipotesis yang menghubungkan antara ISR dan determinan (kemampuan laba, leverage, kepatuhan syariah, ukuran perusahaan dan pemegang akun investasi). Teknik purposive sampling digunakan dalam pemilihan sampel penelitian. Sampel yang diperoleh adalah dua belas bank syariah yang dapat diteliti sebagai sampel. Uji asumsi klasik, regresi linier berganda, uji f, uji R, dan uji t digunakan dalam penelitian ini. Penelitian ini menemukan bahwa tingkat pengungkapan ISR masih rendah (56,8%). Kami juga menemukan bahwa pengungkapan Islamic Social Reporting dipengaruhi oleh profitabilitas, ukuran perusahaan dan pemegang rekening investasi. Sedangkan pengungkapan Islamic Social Reporting tidak dipengaruhi oleh leverage dan syariah compliance.

Keyword:
Islamic Social Reporting, Profitability, Leverage, Sharia Compliance, Investment Account Holder.

1. INTRODUCTION

The growth of the sharia financial industry, particularly in sharia banking, which especially Sharia Commercial Banks (BUS), showed positive growth. In 2018 the resilience of Islamic banking was getting solid. This is reflected in the growth of Islamic banking assets of 12.57% (yoy) (Otoritas Jasa Keuangan, 2018). The development of Islamic banking in Indonesia is also supported by regulations from the OJK. According to POJK No. 8/ POJK.03/2014 and SEOJK No. 10/SEOJK.03/2014, fulfillment of Sharia Principles shall be implemented in compliance with the main provisions of Islamic law. The Fullfilment includes principles of justice and balance (*'adl wa tawazun*), benefit (*maslahah*), and universalism (*alamiyah*) and do not contain *gharar, maysir*, usury (*riba*), *zalim* and *haram* objects (Aryani et al., 2019; Hussain et al., 2021).

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Nugraheni & Yuliani, (2017) explain that Islamic financial institutions as a public company and a business entity that practice Islamic principles in all their activities also need to develop a CSR system in accordance with the uniqueness of their business. In fact, one of the important missions of Islam which then influences sharia financial institutions is a high concern for society and the environment (El-Halaby & Hussainey, 2015; Santoso & Dhiyaul-Haq, 2017).

Corporate Social Responsibility (CSR) is generally defined as an effort or commitment by a company to maintain harmony with the environment around the company, through company activities that aim to improve the quality of life of the community where the company is established, which in this case can be the surrounding community or the environment (Nugraheni & Wijayanti, 2017; Wardani & Sari, 2019). In CSR disclosure must have the concept of sustainable development. Because every business activities in company has a social responsibility towards the community, which include economic, social, and environmental aspects or commonly called the Triple Bottom Line (Profit, People, Planet) which is embodied in CSR (Ali Syukron, 2015; Riduwan et al., 2020; Setyaningsih & Setiawan, 2019).

Along with the times, CSR activities that were previously carried out by many manufacturing companies as a form of responsibility for the environment and the social role of society, are now developing by incorporating the values of Islamic principles. Hussain et al (2021) revealed that the presence of Islam as a cultural variable influences the way certain accounting actions are interpreted and the way in which accounting information should be disclosed.

Two important criteria for disclosure in Islamic accounting are identified as forms of social accountability and the rules of full disclosure (El-Halaby & Hussainey, 2015; Hussain et al., 2021; Wardani & Sari, 2019). The concept of social accountability is related to the principle of full disclosure with the aim of serving the public interest. In the Islamic context, the ummah (public) has the right to know the impact of the organization's operations on its welfare and to be informed in Sharia requirements whether the stated goals have been achieved (Ahmad Issalih et al., 2015; Jati et al., 2020; Nugraheni & Wijayanti, 2017). In terms of many limitations in conventional social reporting, In 2002, a conceptual framework based on sharia principles was created, namely Islamic Social Reporting (Hussain et al., 2021; Nugraheni & Wijayanti, 2017).

ISR is a sharia-based reporting standard that aims to see the company's social performance. This index was developed on the basis of reporting standards based on AAOIFI which were then developed by each subsequent researcher. In particular, this index is an extension of the social performance reporting standards which include the expectations of society, the role of companies in the economy and spiritual perspective. In addition, this index also emphasizes social justice regarding the environment, minority rights, and employees (Hussain et al., 2021; Sunarsih & Ferdiansyah, 2016). Currently the ISR is still being developed by further researchers. Wardani & Sari (2019) divides the ISR Index into six disclosure indicators, each of which contains various items, namely: 1) Investment and Finance; 2) Products and Services; 3) Labor or Manpower; 4) Social; 5) Environment; 6) Organizational Governance.

ISR not only helps decision-making for Muslims but also helps companies fulfill their obligations to Allah and society. Compared to other Islamic countries, the development of ISR in Indonesia is still relatively slow and still disclosed voluntaryly (Cahyaningtyas et al., 2015). Coupled with the absence of specific regulations governing disclosure items in the ISR index (Khasanah & Yulianto, 2015).

The focus of this research is to confirm the effect of profitability, leverage, sharia compliance, company size and investment account holders on the disclosure of Islamic social reporting. In Islamic Social Reporting, profitability describes the net income obtained from assets owned by sharia commercial banks. Even if the level of profitability is high or low, sharia commercial banks still have to disclose the ISR. On the other hand, leverage describes the liabilities of Islamic commercial banks which are financed from the assets of sharia commercial banks. Even if the level of leverage is high or low, sharia commercial banks still have to disclose the ISR because the creditors have the ability to obtain information and other disclosures other than the annual report through direct inquiries to the company, agreements, interim company reports or other additional reports/information. Sharia compliance is the implementation of sharia principles in fund raising and fund activities as well as services in sharia banking. The size of the company in this research uses the total assets of the company. The size of the company is considered an indicator of the implementation of social responsibility because the larger the size of the company, the more social responsibility activities that will legitimize the community. Investment account holders are ownership in banks whose sources come from customer funds which in this study are proxied by temporary syirkah funds. Although the customer does not have formal voting rights, the customer still influences the level of supervision of shareholder management.

2. THEORITICAL FRAMEWORK AND HYPOTHESIS

Legitimacy Theory

Legitimacy from stakeholder is a strategic factor for companies in order to develop the company in the future (Nugraheni & Wijayanti, 2017). This can be used to formulate corporate strategies, especially in improving the welfare of the society. Good acceptance from stakeholder can help the company achieve its goals, thus ultimately ensuring the survival of the company (Kurniawati & Yaya, 2017). Legitimacy theory implies that an activity in the form of corporate social responsibility is an effort with respect to pressures from the environment, politic, social or economic. Legitimacy theory can also be interpreted as a social contract between entities and communities, so that the goals of the company can be achieved without any loss from both parties (Hussain et al., 2021; Santoso & Dhiyaul-Haq, 2017). The benefits that are felt are not only from the company but from the society. Thus, legitimacy is a potential benefit or resource for the company to survive (going concern) (Jati et al., 2020).

Legitimacy is a company management system that is oriented towards taking sides with the society, government, individuals, and community groups (Dewi & Putri, 2018; Jati et al., 2020). Therefore, as a system that promotes community support, the company's operations must be congruent with the expectations of the community (Mais &

Lufian, 2018; Putri & Mardian, 2020). The theory of legitimacy is used in this research by linking Islamic Social Reporting with public perceptions of the company's value. The community will assess whether the company, apart from achieving the desired profit, also cares for the surrounding environment. With Islamic Social Reporting, it is hoped that it can convince the public of the company's concern with the environment and the surrounding community in accordance with Islamic law.

The relationship between the Legitimacy theory and the variables chosen by the researcher in this study is the ability of Sharia commercial banks to maintain the relationship between the bank, the public, and Allah SWT to conform to sharia norms (Hussain et al., 2021; Hussainey, 2016). The relationship between the Legitimacy theory and the variables chosen by the researcher in this study is the ability of Islamic commercial banks to maintain the relationship between the bank and its stakeholders, including customers, society, the environment, and Allah SWT to comply with sharia norms. The legitimacy of Sharia commercial banks will increase in line with the better relationship between Sharia commercial banks and sharia norms. So as to create a harmonious relationship between stakeholders in the concepts and norms of sharia is Allah SWT and the people in Indonesia who are mostly Muslims for the sake of the survival of Sharia commercial banks.

Profitability

The profitability ratio measures the company's ability to generate profits (profitability) at the level of sales, assets and certain share capital (Hanafi & Halim, 2016). Whether the company incurs a profit or loss, the company will still disclose the ISR information (Rizfani & Lubis, 2018). So that profitability does not affect the disclosure of ISR. (El-Halaby & Hussainey, 2015; Wahyuni, 2018).

H1: Profitability does not affects the disclosure of Islamic social reporting.

Leverage

The leverage ratio describes the company's ability to pay its long-term obligations or obligations if the company is liquidated. Companies that have a high degree of leverage have broader and more open disclosures so that lenders can have more confidence in the company. Wardani & Sari (2019) explained in their research that creditors have the ability to obtain information and other disclosures other than the annual report through direct inquiries to the company, agreements, interim company reports or other additional reports/information. This makes creditors less demanding full disclosure of ISR to the company. Research results by Rosiana et al (2016), Wardani & Sari (2019) and Rama & Meliawati (2014) show that leverage has no effect on the disclosure of Islamic social reporting.

H2: Leverage does not affect on Islamic Social Reporting disclosure.

Sharia compliance

Sharia compliance can be realized in the implementation of sharia principles in raising funds and channeling funds as well as services in Islamic banking. Sharia compliance refers to POJK No. 8/POJK.03/2014 and SEOJK No. 10/SEOJK.03/2014 in term of Implementation of Sharia

Principles in Fundraising and Fund Distribution Activities as well as Sharia Bank Services. If the self-assessment value of GCG implementation receives a good rating or a small value which means that the Islamic bank has met the aspect of sharia compliance, the company's ability to disclose accountability reports Islamic social will be higher. The level of disclosure of Islamic Social Reporting is also influenced by the compliance of Islamic banks with Islamic principles (Mediawati & Afiyana, 2018; Nugraheni & Yuliani, 2017). Sharia compliance is important in a banking financial institution that has the characteristics, integrity and credibility as a sharia bank (Khasanah & Yulianto, 2015).

H3: Sharia Compliance positively affects the Islamic Social Reporting disclosure.

Firm Size

The larger company carries out more activities, causes a greater impact on the environment, has more shareholders who may have an interest in the corporate social program and financial reports provide an efficient means of communicating corporate social information (Anggraini & Wulan, 2015; Jannah & Asrori, 2016; Rizfani & Lubis, 2018). The size of the company in question is the size of the company as measured by the company's total assets. The company's total assets are obtained from the statement of financial position at the end of the period in the company's annual report (Hussain et al., 2021).

H4: Firm size positively affects the disclosure of Islamic social reporting.

Investment account holders

Investment Account Holders (IAH) are ownership structures in banks whose sources come from customer funds or in this study they will be proxied with temporary syirkah funds. Even though customers do not have formal voting rights, they still influence the level of supervision over management through shareholders. This is due to the fact that shareholder profits are determined by the profits obtained through the use of customer funds. Investment Account Holders is thought to have a positive effect on the level of ISR disclosure because if the IAH ratio is high, the company will disclose a wider ISR as a form of accountability to its stakeholders or in this case, customers (Khasanah & Yulianto, 2015; Putri & Mardian, 2020; Rahman et al., 2016).

H5: Investment account holders positively affects the disclosure of Islamic social reporting.

3. RESEARCH METHODS

Samples and Sampling

The model was developed according to the information presented in the previous section (Figure 1). In this model, Profitability (ROA), Leverage (DAR), Sharia Compliance (KPS), Firm Size (SIZE), Investment Account Holder (IAH) and the Islamic Social Reporting (ISR) are conceptualized according to the stated hypothesis.

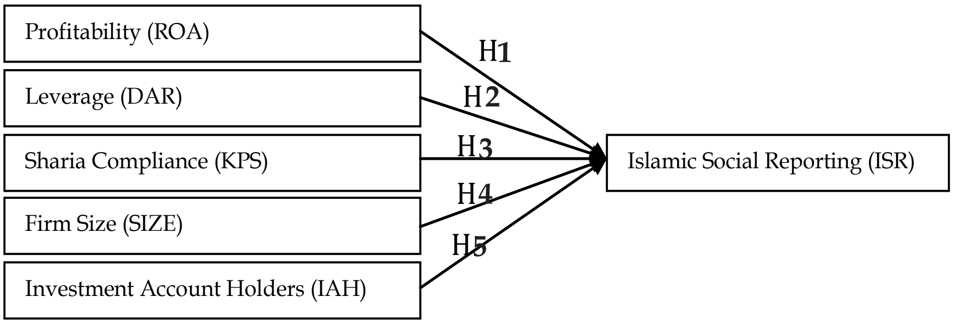

Figure 1
Research Model

This study uses the population of all Sharia commercial banks registered with Bank Indonesia (BI) in the period of 2011-2019. The sample used in this study was selected using a purposive sampling method with the aim that the research increasingly shows the best results. Therefore, there are several criteria that must be met, namely:

a. Sharia commercial banks that have been registered with Bank Indonesia in 2011-2019.
b. Listed Sharia commercial banks must publish their annual reports in succession during 2011-2019.
c. Sharia commercial banks report their Corporate Social Responsibility in their annual reports for nine consecutive years during 2011-2019.
d. Sharia Commercial Banks that published self-assessment reports on good corporate governance in their annual reports for five consecutive years during 2011-2019.
e. Sharia Commercial Banks that have complete data related to the variables used in the study.

This research uses quantitative research methods and uses secondary data. Secondary data used in this study are financial reports and annual reports of Sharia commercial banks from 2011 to 2019. Financial reports and annual reports are obtained by accessing the websites of Sharia commercial banks. The sample obtained is eight Islamic banks that can be studied as a sample. The dependent variable used in this study is Islamic Social Reporting and the independent variables are Profitability, Leverage, Sharia Compliance, Firm Size, and Investment Account Holders.

Variable Definitions dan Measurements
Islamic Social Reporting
Islamic Social Reporting uses sharia principles as its basic foundation. The principles of sharia in ISR produce material, moral and spiritual aspects that are the main focus of corporate social reporting. ISR is an extension of social reporting which is not only in the form of a great desire from the whole community for the role of companies in the economy but is related to a spiritual perspective (El-Halaby & Hussainey, 2015; Hussain et al., 2021). The ISR index component consists of 6 categories, namely investment and finance theme, corporate governance theme, products and services theme, employees theme, social and environment (Riduwan et al., 2020; Santoso & Dhiyaul-Haq, 2017). The ISR index assessment is carried out by using a scoring of the values 0 and 1, where:

- Value 0 if there is no disclosure regarding the item,
- Value 1 if there is a disclosure related to the item.

Where the ISR index table is placed in the appendix and the ISR (Islamic Social Reporting) formula is obtained as follows:

ISR = Scores/Maximum Scores

Profitability

This study uses ROA to measure company profitability. (Hanafi & Halim, 2016) states that (ROA) Return on assets is a comparison between net income and total assets which shows how much net profit the company gets when measured by the value of its assets. ROA is often used by top management to evaluate business units in multi-divisional companies (Harahap et al., 2017). So that in this study using ROA in measuring the profitability of Sharia commercial banks in Indonesia. ROA can be formulated as follows:

$$\textbf{ROA} = \frac{\text{Net Profit}}{\text{Total Asset}} \times 100\%$$

Leverage

Leverage describes the company's ability to pay its long-term obligations or obligations if the company is liquidated. In this study using DAR (Debt to Asset Ratio) as the ratio of leverage. DAR is the debt ratio used to measure the ratio between total debt and total assets (Rizfani & Lubis, 2018). In other words, how much the company's assets are financed by debt or how much does the company's debt affect asset management. DAR can be formulated as follows:

$$\text{DAR} = \frac{\text{Total Debt}}{\text{Total Asset}} \times 100\%$$

Sharia Compliance

Sharia compliance in Islamic banking is the application of Islamic principles, sharia and traditions in financial transactions and banking and other related businesses. The sharia compliance refers to POJK No. 8/POJK.03/2014 and SEOJK No. 10/SEOJK.03/2014 in term of Implementation of Sharia Principles in Fundraising and Fund Distribution Activities as well as Sharia Bank Services (Khasanah & Yulianto, 2015; Marharani & Yulianto, 2016). Implementation of Sharia Principles is obtained by looking at the GCG self-assessment reported by Islamic banks in their annual reports. Sharia compliance can be formulated as follows:

KPS = (self-assessment score) x 5%

Firm Size

The larger company carries out more activities, causes a greater impact on the environment, has more shareholders who may have an interest in the corporate social program and financial reports provide an efficient means of communicating corporate social information (Jannah & Asrori, 2016). The size of the company in question is the size of the company as measured by the company's asset. The company's total assets are obtained from the statement of financial position at the end of the period in the company's annual report (Dewi & Putri, 2018). The size of the firm is in a regular algorithm to equalize with other variables (Hussain et al., 2021; Rizfani & Lubis, 2018).

SIZE = Ln (total asset)

Investment Account Holders

Investment Account Holders (IAH) are ownership structures in banks whose sources come from customer funds or which in this study will be proxied with temporary syirkah funds. Even though customers do not have formal voting rights, they still influence the level of supervision over management through shareholders. This is due to the fact that shareholder profits are determined by the profits obtained through the use of customer funds (Khasanah & Yulianto, 2015).3

$$IAH = \frac{\text{Total Temporary Syirkah Funds}}{\text{Paid up Capital of Shareholders}}$$

4. DATA ANALYSIS AND DISCUSSION

The current study aims to determine the effect of profitability, leverage, sharia compliance, firm size and investment account holders on the disclosure of Islamic social reporting. Furthermore, this study analyzed descriptively and statistically with the main discussion of the effect of profitability, leverage, sharia compliance, company size and investment account holders on the disclosure of Islamic social reporting. The subjects in this study were Islamic commercial banks.

The percentage of the minimum ISR value of 0.39474 from the 80 samples is owned by PT. Bank Tabungan Pensiun Nasional Syariah in 2018. PT. Bank Tabungan Pensiun Nasional Syariah Bank which has a minimum value due to incomplete reporting of the ISR or only a few of the ISR components that are fulfilled in its annual report. The highest ISR value is PT. Bank Muamalat in 2012 with a maximum value of 0.78947. This is because PT. Bank Muamalat fulfills many of the ISR components in its reported annual reports.

Sharia commercial banks that have the lowest profitability value is PT. Bank Bukopin Syariah in 2017 with a minimum value of 0.00019 when measured by calculating net profit before tax divided by total assets. This is because PT. Bank Bukopin Syariah has a net profit of Rp. 1,332,376,412 and total assets owned at that time amounted to Rp. 7,166,257,141,367. Sharia commercial banks that have the highest profitability value are

Table 1
Descriptive Statistical Analysis

	ISR	ROA	DAR	KPS	SIZE	IAH
Mean	0.56250	0.0126	0.1752	0.0850	30.1406	12.735
Maximum	0.78947	0.1221	0.3475	0.1500	32.3521	44.339
Minimum	0.39474	0.00019	0.0279	0.0500	27.6477	0.3499
Std. Dev.	0.09300	0.0209	0.0646	0.0291	1.2034	12.500
Observation	80	80	80	80	80	80

Source: Research Findings, 2021

PT. Bank Mega Syariah with a maximum value of 0.12210 in 2012 when measured through the calculation of net income before tax divided by total assets. This is because in 2012 PT. Bank Tabungan Pensiun Nasional Syariah has a net profit of Rp. 1,878,249,000,000 and total assets owned is Rp. 15,383,038,000,000.

In this research, leverage is proxied by DAR (Debt to Asset Ratio) where the minimum value of DAR is owned by PT. Bank Panin Syariah in 2011 with a DAR value of 0.02796 obtained by dividing total liabilities and total assets. In 2011 PT. Bank Panin Syariah has total liabilities of Rp. 28,436,616,000 and total assets of Rp. 1,016,878,719,000. Meanwhile, the highest DAR value is owned by PT. Bank Bank BRI Syariah in 2015 with a value of 0.34757 obtained by dividing total liabilities and total assets where total liabilities owned by PT. Bank BRI Syariah in 2015 amounting to Rp. 8,421,637,000,000 and total assets of Rp. 24,230,247,000,000.

In this study, sharia compliance is proxied by one of the GCG self-assessment assessments disclosed by sharia commercial banks, namely the Implementation of Sharia Principles in Fundraising and Fund Distribution Activities and Islamic Bank Services. The highest and lowest values of bank Syariah Compliance in this study are 1 “one” and 3 “three”. This is because all Sharia commercial banks that were the object of the study reported their GCG self-assessment scores as “excellent”; “sound”; and “adequate”.

The company that has the lowest Firm Size value is PT. Bank Panin Syariah in 2011 with a Minimum value of 27.6478 which can be found through the calculation of the regular logarithm of the company’s total assets. This is because PT. Bank Panin Syariah has total assets of IDR 1,016,878,719,000 which is relatively small compared to other companies. The greater the value of the size of this company the better, it shows the bigger the company and the more activities it carries out. The company that has the highest Firm Size value is PT. Bank Syariah Mandiri in 2019 with a maximum value of 32.3521 which can be found through the calculation of the regular logarithm of the company’s total assets. This is because PT. Bank Syariah Mandiri in 2019 has relatively high total assets of IDR 112,291,867,000,000.

In this research, Investment Account Holders is proxied with Temporary Syirkah Fund divided by fully paid-up capital where the minimum IAH value is owned by PT. Maybank Syariah in 2017 with an IAH value of 0.34994. In 2017 PT. Maybank Syariah has total temporary syirkah funds of Rp. 286,705,000,000 and fully paid-up capital of Rp. 819,307,000,000. Meanwhile, the highest IAH value is owned by PT. Bank Muamalat in 2014 with a value of 44.3399. In 2014 PT. Bank Muamalat has a total temporary syirkah fund of Rp. 48,926,215,384,000 and fully paid up capital of Rp. 1,103,435,151,000.

Hypothesis Test

F-Test

The F statistical test was conducted to determine whether the regression equation model in the study was fit or not. The results of the regression model test (F test) can be seen as follows:

Table 2
Hypothesis Test Results

Variables	Coefficients	Std. Error	t-Statistic	Sig.
ISR	-0.151	0.280	-0.540	0.591
ROA	-0.926	0.331	-2.803**	0.006
DAR	0.032	0.115	0.281	0.779
KPS	0.181	0.238	0.762	0.448
SIZE	0.022	0.010	2.215*	0.030
IAH	0.004	0.001	3.831**	0.000
F-Test	21.757		0.000	
Adjusted R-square		0.568		

(*$p < 0.05$; **$p < 0.01$. * The significance level indicates based on t-test.)
Source: Research Findings, 2021

Based on table 2, it shows that the results of the F test on the regression equation are 21.757 with a significance value of 0.000, which means that the significance value is smaller than 0.05, which is equal to 0.000. This shows that the Fit regression model is used in predicting Islamic Social Reporting or it can be said that the variables of profitability, leverage, sharia compliance, company size, and investment account holders positively affect the Islamic Social Reporting disclosure.

R-Test

The coefficient of determination (Adjusted R-square) is used to measure how much the ability of the model (the influence of the independent variable) to explain the variation in the dependent variable.

Based on table 2, it shows that the result of the Adjusted R-Square is 0.568, this means 56.8% of the variation in Islamic Social Reporting can be explained by the five independent variables, namely profitability, leverage, sharia compliance, firm size and investment account holders. While the rest (100% - 56.8%) of 43.2% is explained by other variables which were not examined in this study.

Discussion

Profitability is the company's ability to generate profits within a certain period. In this study, profitability is proxied by ROA (Return of Asset) which is the ratio between net income before tax divided by total assets. Based on the theory of legitimacy, the relationship between profitability and the level of disclosure of social responsibility is when companies have high profits, companies do not need to report things that interfere with information about their financial success. Conversely, when their profitability is low, companies will display other achievements besides financial performance, one of which is CSR disclosure. This is done in order to improve the legitimacy given and attract the attention of investors. The results showed that the profitability variable negatively affects the ISR disclosure or the H1 is rejected. It can be seen from the results of the t test for H1 which obtained a t count of -2.803 with a sig value of 0.006. The sig value of the profitability in this study using ROA shows lower than 1% ($\alpha = 0.01$). Based on the results of the current research t-test it can be said that H1 is rejected, which means that This is done to reduce the legitimacy gap by diverting (manipulating) attention from the problem of concern (concentrating on some positive activity that is not related to failures). Thus, companies with positive profitability tend not to place too much importance on the disclosure of their social responsibilities because they already have adequate legitimacy.

Leverage is a measure of the company's financial performance which in current research uses the Debt to Asset Ratio. Companies that have a high degree of leverage have broad and open disclosures so that lenders can have more confidence in the company. Thus, it can be concluded that the company is said to be good by looking at the level of corporate leverage because the lower this ratio, the higher the level of corporate funding provided by shareholders and the greater protection for creditors. The test results show that leverage does not affect the ISR disclosure or H2 is not rejected. This can be seen by the results of the t test for H2, the t count is 0.281 with a sig value of 0.779. The sig value of the leverage which in this study uses DAR shows greater than 10% ($\alpha = 0.1$). Based on the results of the current research t-test, it can be said that H2 is not rejected, which means that the DAR level does not affect the ISR disclosure. Creditors have the ability to obtain information and other disclosures other than the annual report through direct inquiries to the company, agreements, interim company reports or other additional reports/information. This makes creditors less demanding full disclosure of ISR to the company. In addition, Islamic principles teach that social values have a sufficient contribution to ensure that relations between creatures run well. Companies experience profits or not, have large or small debts, companies naturally present their social reports (Jati et al., 2020). This is done so that the company continues to gain the trust and legitimacy of the community.

Sharia compliance in this study actually includes eleven indicators of GCG self-assessment which are regulated based on POJK No.8/POJK.0/2014 and SEOJK No.10/SEOJK.03/2014 concerning the assessment of the soundness level of Sharia Commercial Banks and Sharia Business Units. Sharia compliance in this research is proxied by the implementation of sharia principles in the collection and distribution of funds and services. The smaller the score the bank has, the better the compliance that the bank has. In this study, the average bank gave a score between one (1); two (2); and three (3) which stated that the implementation of sharia compliance in the bank was said to be "excellent", "sounds" and "adequate". So the smaller the score, the better the sharia compliance implemented by the bank. The test results show that sharia compliance does not affect the ISR disclosures or H3 is rejected. This can be seen by the results of the t-test for H3 obtained t count of 0.762 with a sig value of 0.448. The sig value of the sharia compliance variable shows greater than 10% ($\alpha = 0.1$).

Sharia compliance is the concern of company stakeholders in increasing sharia social responsibility carried out by the company. This is due to the very orderly rules and regulations applied by all banks. It can be said that because in the reporting system, banks are required to make daily, monthly, quarterly, semester and yearly reports on financial position which will later be reported to Bank Indonesia and the Financial Services Authority. Thus, the level of accuracy of bank financial statements is high. Not only from the financial side it must be orderly, but in terms of management reports, sharia commercial banks must be orderly by reporting from the duties of the sharia supervisory board, board of commissioners, board of directors, number of meeting attendance of each board, corporate governance (GCG), risks, to bank social responsibility activities. With a high level of accuracy in the financial statements and the completeness of the reported management of Sharia commercial banks, it can be concluded that the information needs for stakeholders and the public can be met. If the required reporting is not fulfilled, Bank Indonesia and Otoritas Jasa Keuangan will give a warning to Sharia commercial banks that do not report.

The size of the firm in this study is proxied by the regular logarithm of the company's total assets. The larger company carries out more activities, causes a greater impact on the environment, has more shareholders who may have an interest in the corporate social program and financial reports provide an efficient means of communicating corporate social information. Total company assets are obtained from the financial position report at the end of the period in the company's annual report (Dewi & Putri, 2018). The test results show that firm size positively affects the ISR disclosure or H4 is not rejected. This can be seen by the results of the t-test for H4, the t count is 2.215 with a sig value of 0.030. The sig value of the firm size variable shows below 5% ($\alpha = 0.05$). Thus, the larger the size of the company as indicated by the total assets, the wider and more social responsibility is carried out by the bank. This will also affect the disclosure of social responsibility activities included in the bank's annual report which contains the bank's management and financial reports. The results of this study support the results of previous studies conducted by Hussain et al. (2021) and Rizfani & Lubis (2018) which state that company size affects ISR disclosure.

Investment account holders are ownership structures in banks whose sources come from customer funds or in this study they are proxied with temporary syirkah funds. Even though customers do not have formal voting rights, customers still influence the level of supervision of management through shareholders. This is according to Rahman et al. (2016) and Khasanah & Yulianto (2015) are due to the fact that shareholder profits are determined by the profits obtained through the use of customer funds. Based on the test results, it shows that Investment Account Holders positively affects the disclosure of ISR or H5 is not rejected. This can be seen by the results of the t-test for H5, the t count is 3.831 with a sig value of 0.000. The sig value of the Investment account holder variable shows lower than 1% ($\alpha = 0.01$). Temporary syirkah funds are the differentiator between conventional banks and Sharia commercial banks. Temporary syirkah funds are funds received as investments with a certain period of time from individuals and other parties where the sharia entity has the right to manage and invest the funds by sharing the investment returns based on an agreement. Because the more investment account holders in Islamic commercial banks, the more funds will be managed by the bank. This large number of fund management makes banks motivated to disclose that fund management is carried out properly, one of which is by disclosing social performance. The Islamic commercial Banks try to show that the funds invested are managed and channeled into good activities.

5. CONCLUSION, LIMITATION AND SUGGESTION

Conclusion

The research illustrates that profitability negatively affects the Islamic Social Reporting Disclosure. Based on legitimacy theory, the relationship between profitability and the level of disclosure of social responsibility is when companies have high profits, companies do not need to report things that interfere with information about their financial success. Conversely, when their profitability is low, companies will display other achievements besides financial performance, in this research, ISR Disclosure. In the other hand, firm size and investment account holders positively affects the Islamic Social Reporting Disclosure. For firm size, it indicates that the larger the company, the wider the ISR disclosed. It is because large companies have more resources, facilities, and human resources than small companies. Especially how the company uses its resources to carry out its business in accordance with sharia principles. For investment account holders, it can be concluded that the higher the IAH ratio, the more active the company will participate in the disclosure of Islamic Social Reporting. With the disclosure of ISR, it is hoped that the wishes of stakeholders can be accommodated so that it will produce a harmonious relationship between the company and its stakeholders. This gives the company a great opportunity to achieve sustainability. On the other hand, leverage and sharia compliance have no effect on the disclosure of Islamic Social Reporting.

Limitation and Suggestions

This study must be interpreted with caution, therefore there are the following limitations: the population of Islamic commercial banks is 12 banks, but there are several Islamic commercial banks in several years that cannot be used as research samples because they do not meet the criteria in their reports (financial statements). and annual reports). There are several formulas for Islamic social reporting index and choosing the best formula is quite difficult. The best effort that the author can do is to choose the ISR index formula belonging to Santoso & Dhiyaul-Haq (2017) & Sofyani et al. (2012) because it fits the context in Indonesia. At the time of indexing, the authors had no specific guidelines that could be used. So the authors develop their own criteria and other authors may have different interpretations of the same item. Suggestions that can be given from this research for further research are as follows: It is hoped that further research similar to this research can consider research objects other than Islamic commercial banks because ISR includes not only management reporting but also environmental reporting, for example companies included in the Jakarta Islamic Index or List of Sharia Securities. It is hoped that further research using the ISR variable can use **the official regulations** of the ISR index if these provisions have been published.

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