

Characteristics of Islamic Corporate Social Responsibility (ICSR) Disclosures

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ABSTRACT

The company's CSR activities illustrate that, in addition to carrying out its operational activities, the company is also responsible for the surrounding environment. This sharia-based social performance reporting is assessed based on the sharia index developed by AAOFI (Accounting and Auditing Organization for Islamic Financial Institutions). The purpose of this study was to determine the effect of public share ownership, firm size, leverage, profitability, and corporate governance on the disclosure of Islamic Corporate Social Responsibility (ICSR). The sample was taken from 12 sharia companies registered in the Jakarta Islamic Index (JII) for the 2015-2020 period using a purposive sampling technique. The data were analysed using panel data regression analysis through the EViews 11 application. Firms and profitability affect Islamic Corporate Social Responsibility (ICSR) disclosures, and public share ownership has a negative effect on ICSR disclosures, while leverage and corporate governance variables do not affect Islamic Corporate Social Responsibility (ICSR) disclosures. Based on the results of this study, it is expected that elements in corporate governance can carry out their duties and responsibilities in carrying out their duties so that ICSR disclosure is carried out better.

ABSTRAK

Kegiatan CSR perusahaan memberikan gambaran bahwa perusahaan selain menjalankan kegiatan operasionalnya juga tetap bertanggung jawab terhadap lingkungan sekitar. Pelaporan kinerja sosial berbasis syariah ini dinilai berdasarkan indeks syariah yang dikembangkan dari AAOFI (Accounting and Auditing Organization for Islamic Financial Institutions). Tujuan penelitian ini adalah untuk mengetahui pengaruh kepemilikan saham publik, ukuran perusahaan, leverage, profitabilitas dan corporate governance terhadap pengungkapan Islamic Corporate Social Responsibility (ICSR). Sampel penelitian diambil dari 12 perusahaan syariah yang terdaftar pada Jakarta Islamic Indeks (JII) periode 2015-2020 dengan menggunakan teknik pengambilan sampel melalui purposive sampling. Data dianalisis menggunakan analisis regresi data panel melalui aplikasi EViews 11. Hasil penelitian menunjukkan bahwa Ukuran Perusahaan dan Profitabilitas berpengaruh terhadap Pengungkapan Islamic Corporate Social Responsibility (ICSR), dan kepemilikan saham publik berpengaruh negatif terhadap pengungkapan ICSR, sedangkan variabel leverage dan corporate governance tidak berpengaruh terhadap pengungkapan Islamic Corporate Social Responsibility (ICSR). Berdasarkan hasil penelitian ini, diharapkan unsur di dalam corporate governance dapat melaksanakan tugas dan tanggung jawabnya dalam menjalankan tugasnya, sehingga pengungkapan ICSR dilakukan dengan lebih baik.

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1. INTRODUCTION

Any company has their responsibility to report on every activity carried out to stakeholders as evidence that they have carried out their operational activities properly and responsibly. In addition to corporate financial reporting, companies must also report their social responsibility activities. This aims to keep their companies being focused on all related aspects from the monetary, social, and environmental points of view (Sawitri et al., 2017).

Disclosure of ICSR is the company's commitment to creating new value to build the economy and improve the living status of employees, communities, and the environment as well. Disclosure of social responsibility is also a form of corporate environmental social activities to be included in the annual report as tangible evidence that there are CSR activities in business (Qoyum et al., 2017). This is confirmed by the government regulations regarding the disclosure of CSR activities in Law No. 40/2007 concerning limited liability companies having an obligation to carry out and disclose CSR activities.

The development of companies that use sharia principles in Indonesia has caused the public's assessment to move from conventional activities to activities basing on sharia elements. This triggers the public to assess the performance of Islamic companies based on corporate social activities as a form of *muamalah* practice and corporate responsibility to the environment. The concept of CSR in Islam has a broad meaning where companies are aware of their roles and responsibilities as servants who carry out responsibilities based on the commands of Allah SWT. Two factors must be included in CSR based on an Islamic perspective: full disclosure and social accountability (Riyani & Uswati Dewi, 2018).

The increasing implementation of CSR based on sharia principles has led to many changes in Islamic social responsibility reporting. This is, especially, for the companies that use sharia principles. For example, Islamic Social Reporting (ISR) is the development of a CSR index based on sharia principles, which was later developed by many previous researchers as the basis for CSR disclosure with sharia principles and later developed into the ISR index. Assessment using the ISR index is currently still rarely carried out on non-financial companies in the capital market. Therefore, the development of a sharia index assessment in this study was carried out

on non-financial companies that had been designated as sharia companies such as the Jakarta Islamic Index (JII).

In general, corporate social disclosures use the GRI Index as a reference for companies in presenting social responsibility reports, while disclosures based on ISR are still voluntary. In the Islamic concept, organizations should disclose any given mandate, either mandatory or voluntary so that each of them has differences in doing disclosures. However, the absence of specific standards that explain sharia-based CSR causes many stakeholders to be unable to distinguish between sharia and Non-sharia Company CSR reporting.

Public shareholding is a quasi-public distribution of company shareholdings. The wider community or the public, the more they need company information as a guide for the community in reviewing the company performance, especially decision making. The number of shares outstanding to the public is expected to be able to monitor management activities in disclosing company information, especially in disclosing ICSR. This argument is supported by research by Rahayu & Aniskurillah, (2015) and Kusuma (2016), finding that public share ownership has a significant influence. However, the research of Usmar, (2014) and Jannah & Asrori (2016), is on the contrary, finding that that public share ownership does not affect ICSR.

Company size is assessed based on the logarithm of total assets. Large-scale companies are companies that tend to have large amounts of assets so that their operational activities are more complex. Yet, disclosure of ICSR information of large companies tends to have a broad scope. This statement is supported by Qoyum et al. (2017) and Wahyono, et al. (2020) that firm size has a significant positive effect on ISR disclosure. However, the research of Rahayu & Cahyati (2014) and Fitranita & Wijayanti, (2020) found that company size has a negative effect on ISR disclosure so that the company's size cannot determine the extent of information disclosure of ICSR.

Leverage is a reflection of the financing of the company's operational activities originating from debt. The amount of the company's debt reflects how much the company's obligations and responsibilities are in ensuring the credibility of the creditors so that the company should disclose, especially on ICSR widely. This statement is supported by Mukhibad (2018) and Fitranita & Wijayanti

(2020). However, it is on the contrary to the research by Nugraheni & Permatasari, (2016) and Riyani & Uswati Dewi (2018) finding that leverage affects ICSR disclosure.

Profitability is the profit earned by the company during operational activities. Large company profits can cause high funds disbursed by companies for CSR activities so that company profitability has an impact on ICSR disclosure. This statement is supported by Rahayu & Cahyati (2014) and Kurniawati & Yaya (2017). However, research by Novrizal & Fitri (2016) and Wahyono et al. (2020) stated that profitability does not affect ICSR disclosure.

The components in the corporate governance structure have an important role in every corporate decision-making, where each level of management has its role and function that causes differences in information disclosure. The size composition of each management structure is expected to be able to provide broad disclosure of corporate social information as evidence of management responsibility. This statement is supported by Riyani & Uswati Dewi (2018) and Budi et al. (2019) stating that the corporate governance component affects ICSR disclosure. However, the study of Qoyum et al., (2017) and Kurniawati & Yaya (2017) state that the corporate governance component does not affect ICSR disclosure.

2. THEORITICAL FRAMEWORK AND HYPOTHESIS

Stakeholder Theory

According to Freeman (1994), Stakeholder theory or referred to as stakeholder theory has an argument that all company activities are those based on mutual interests between the company and stakeholders such as shareholders, creditors, consumers, and the government, and other related parties (Ghozali, 2020:136). Stakeholders are considered to be able to regulate or influence every trading activity of the company. Therefore, companies also need to disclose ICSR as a form of corporate communication with their stakeholders.

The Company should provide detailed information to stakeholders, both mandatory and voluntary information. Based on sharia principles, the company's compliance with sharia provisions can maintain trust between the company and stakeholders in the company's sharia operations (Nugraheni, 2018). The CSR report or the company's sustainability report is one of the information needed by

stakeholders in providing a special assessment of the company, namely by looking at the company's responsibilities and roles towards the surrounding environment. Companies that carry out and practice their social activities have added value among investors. Therefore, the practice above will lead the company to always prioritize corporate social responsibility.

Legitimacy Theory

According to Deegan (2002), Legitimacy theory or referred to as legitimacy theory is a theory that has relevance to the disclosure of social responsibility (Nugraheni & Permatasari, 2016). In the theory of legitimacy, companies are considered to have a social commitment between the company and the community around the company's environment to get support from the community. Legitimacy theory is the company's initial foundation in building company values or norms in conducting social interactions and the surrounding environment (Kurniawati & Yaya, 2017). The implementation of CSR for companies is a form of corporate responsibility to the surrounding environment both in terms of nature and the community environment. Besides that, the company's operational activities have an impact either directly or indirectly on the environment so that they must continuously pay attention to their environment as a form of social responsibility.

Islamic Corporate Social Responsibility

ICSR disclosure is information about the activities of Islamic companies in creating social and environmental sustainability (Nugraheni & Permatasari, 2016). Implementation of CSR is also based on sharia principles, namely by prioritizing Islamic ethics and business (Fitranita & Wijayanti, 2020). Therefore, the company's operational activities are not corrupt activities and activities that provide guarantees that are not following their portion. The implementation of ICSR is a manifestation of the practice of Islamic companies in practicing the basic philosophy of the Qur'an and As-Sunnah (Sawitri et al., 2017).

Islamic Social Reporting (ISR) is the entire activity of a sharia company which includes religious, economic, legal, ethical interests, and discretionary responsibilities as intermediary financial institutions for individuals and institutions. Islamic Social Reporting (ISR) is a special criterion that serves as the basis for making investment decisions in sharia-based

companies in fulfilling accountability to Allah SWT and society (Kurniawati & Yaya, 2017).

Disclosure classification based on the ISR Index is obtained from the modified index criteria using 6 criteria including; investment and finance, products and services, employment, social, environment, and corporate governance (Qoyum et al., 2017). Then the six categories have a number of different criteria and produce a total of 58 items.

Public Share Ownership on Islamic Corporate Social Responsibility

Public-Shared Ownership is the number of distributions of company shares which are the rights of the public. The sale of shares to the public indicates that more public investors are owned by the company. Therefore, the larger the company's shares are owned by the public, the greater the disclosure that the company should do. A large percentage of public shares is expected to be able to encourage companies to go public in disclosing overall social responsibility due to a lot of pressure from investors (Hamdani et al., 2017). This is in line with a study by Rahayu & Aniskurillah (2015) and Kusuma (2016), finding that public ownership has a positive influence on corporate CSR disclosure. It can be concluded that companies with a large percentage of public ownership tend to have greater pressure to disclose information in sustainability reports and annual reports.

H1: Public Share Ownership has a positive effect on ICSR Disclosure.

Company Size on Islamic Corporate Social Responsibility

Company size is a company benchmark based on a size indicating that a company is declared as a small or large company. The size of the company identified can affect the extent of disclosure of company information in the annual report. The bigger the company, the more stakeholders are interested. In this, the company must make great efforts in shaping the alignment of social values activities with behavioural norms in people's lives. Therefore, the larger the company prioritizes these interests, the wider they disclose their information (Novrizal & Fitri, 2016). This is in line with the research by Qoyum et al., (2017), Fitranita & Wijayanti (2020), and Rahayu & Cahyati (2014) finding that firm size has a

positive effect on ICSR disclosure. That is, the larger the company, the greater the level of ICSR disclosure made by the company. Larger companies tend to have a greater responsibility to make extensive disclosures.

H2: Firm Size has a positive effect on ICSR Disclosure.

Leverage on Islamic Corporate Social Responsibility

Leverage is the ratio of total debt to total assets. The leverage ratio shows the company's ability to make debt as company financing so that the greater the leverage ratio value, it can be concluded that the larger the company is funded by debt (Wahyuningsih & Mahdar, 2019). The large leverage ratio indicates that the company has a greater obligation to expand the level of ICSR disclosure. This is motivated by companies who want to show their good image by continuing to carry out ICSR activities accompanied by a high level of leverage.

This statement agrees with research that states that leverage has a positive effect on ICSR as did Nugraheni & Permatasari (2016), Riyani & Uswati Dewi (2018), and Fitranita & Wijayanti, (2020). It can be interpreted that ICSR disclosure is influenced by leverage. This is because the higher the company's debt causes the company's responsibility to increase, especially the disclosure of ICSR. In addition, the disclosure of ICSR can be added value as well as a company guarantee to creditors.

H3: Leverage has a positive effect on ICSR Disclosure.

Profitability on Islamic Corporate Social Responsibility

Profitability shows the company's ability to earn profits after utilizing several company resources it has (Wahyono et al., 2020). The value of the profitability ratio can describe the condition of the company's performance on its operational activities. The amount of profit after tax obtained by the company indicates whether or not the operational management has been carried out so that it will cause the company to expand in overall information disclosure. This argument is in line with the research by Rahayu & Cahyati (2014) and Kurniawati & Yaya, (2017) finding that profitability has a positive effect on ICSR disclosure. This means that companies with large margin capabilities can trigger ICSR disclosures. Companies

that have high profits will have an impact on the high company funds allocated to social activities.

H4: Profitability has a positive effect on ICSR disclosure.

Corporate Governance on Islamic Corporate Social Responsibility

According to the Organization for Economic Cooperation and Development in Riyani and Uswati Dewi (2018), the structural responsibility relationship between related parties from shareholders, members of the board of directors, commissioners, and managers is formed to encourage the creation of competitive performance in achieving the company's main goals. The corporate governance variable was chosen to see how much influence the size of each structure in the organization affects the disclosure of social responsibility.

The size of the structural component of corporate governance illustrates how an idea given by each individual affects decision-making, especially in the social and environmental aspects. In this study, the structural size of the entity is measured by looking at the size of the board of commissioners, board of directors, and audit committee (Budi et al., 2019). This is supported by the research of Kurniawati & Yaya (2017) and Riyani & Uswati Dewi (2018) which states that the board of commissioners influences the disclosure of ICSR. The research of Budi et al., (2019) stated that the audit committee and the board of directors have a role in disclosing ICSR.

H5: Corporate Governance has a positive effect on ICSR disclosure.

The rationale underlying this research is depicted in Figure 1.

3. RESEARCH METHOD

Sample Classification

This study uses a population of companies listed in the Jakarta Islamic Index (JII). The sample consists of the companies listed in the Jakarta Islamic Index with a research period of 2015-2020. Sampling was carried out using a purposive sampling technique, namely by providing criteria relevant to the research (Indrawati 2015:170). The following are the criteria that have been determined in sampling:

- Entities listed in the Jakarta Islamic Index (JII) 2015-2020
- Entities that consistently pass the Jakarta Islamic Index (JII) in the 2015-2020 period.
- Entities listed on the Jakarta Islamic Index (JII) consistently publish annual reports and sustainability reports for the 2015-2020 period.

Research Data

This study took a sample of companies listed on the Jakarta Islamic Index (JII) in 2015-2020. This research is quantitative research, and it determines the variables of theory testing based on data measurement and statistical analysis. Test analysis is carried out using secondary data such as annual reports and company sustainability reports on the stock exchange website and the company's official website as well as the relevant supporting journals.

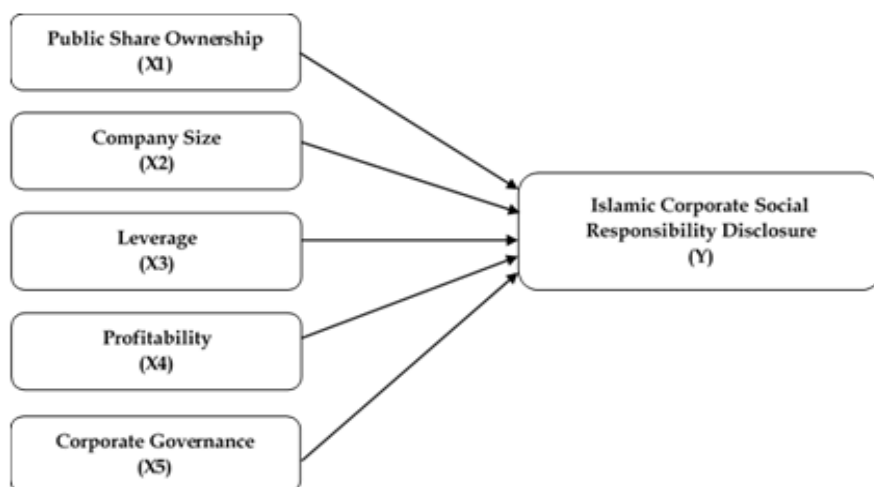


Figure 1
The Rationale Underlying

Table 1
Research Sample

No	Criteria of Sample Selection	Total
1	Entities listed in the Jakarta Islamic Index (JII) 2018-2019	30
2	Entities that are not consistently listed in the Jakarta Islamic Index (JII) in the 2015-2019 period	(18)
3	Entities listed on the Jakarta Islamic Index (JII) that consistently publish annual and sustainability reports for the 2015-2019 period	0
The entry selected to be the sample		12
Total research sample 2015-2020 (12x6 years)		72

Source: Data processed

Research Variable

This study uses disclosure of Islamic Corporate Social Responsibility as the dependent variable and Public Share Ownership, Company Size, Leverage, Profitability, and Corporate Governance as the independent variables

Variable Operational Definition

Islamic Corporate Social Responsibility Disclosure

CSR disclosure based on sharia principles using the ISR index. Data analysis was conducted using the content analysis method of assigning a code of "1" to the disclosure criteria and "0" to the undisclosed criteria. Then, calculate the value of the disclosure ratio with all items (Kurniawati & Yaya, 2017).

ICSR = Amount disclosed/Total of all items

Public Share Ownership

Public share ownership is the distribution of company shares owned by the public or the public with ownership of less than 5%. Public share ownership is assessed based on the ratio of outstanding shares to the public by the total number of shares of the company as a whole.

$$\text{Public Shareholding} = \frac{\text{Number of Public Shares}}{\text{Total Number of Shares}}$$

Company Size

Company size is the determination of the size of the company which is seen based on the total value of the total assets owned by the company. Large sizes tend to have complexities in their business operations.

Size = Ln.Total Asset

Leverage

Leverage is a measurement of a company's ability to finance its debts for operational activities by indicating the level of creditor

security. Leverage can be measured using DAR (Debt to Asset Ratio) to determine the amount of ownership of company assets financed by debt.

Debt to Asset Ratio = Total Debt/ Total Asset

Profitability

Profitability is a ratio that reflects the company's ability to obtain a margin. According to Henry (2016:199), net profit margin (NPM) is a profitability ratio that is calculated based on the percentage of net profit with the level of sales obtained by the company.

$$\text{Net Profit Margin} = \frac{\text{Profit after-tax}}{\text{Total income}}$$

Corporate Governance

Components in corporate governance have the power to carry out company activities. The size of each component consisting of the audit committee, the board of commissioners and the board is expected to be able to provide better decisions (Wahyono et al., 2020). In this study, the measurement of corporate governance is measured by looking at the total size of the audit committee, the size of the board of commissioners and the size of the board of directors.

Corp.Governance: $AC_s \text{ size} + BC_s \text{ size} + BD_s \text{ size}$

Analysis Tools

Panel data regression is used to examine the effect of Public Share Ownership (Public), Company Size (Size), Leverage (Lev), Profitability (Prof), and Corporate Governance (CG) on the disclosure of Islamic Corporate Social Responsibility (ICSR). Companies registered with JII in 2015-2020. The regression equation used is as follows:

$$\text{ICSR} = \beta_0 + \beta_1 \cdot \text{PS} + \beta_2 \cdot \text{SIZE} + \beta_3 \cdot \text{DAR} + \beta_4 \cdot \text{NPM} + \beta_5 \cdot \text{CG} + \varepsilon$$

Notes:

Y : Disclosure of ICSR
 β_0 : Constant
 β_{1-5} : Regression coefficient of independent variables
Public : Public share ownership
SIZ : Company Size
DAR : Leverage
NPM : Profitability
CG : Corporate governance
 ε : Error term

4. DATA ANALYSIS AND DISCUSSION

Descriptive Statistics

Descriptive analysis is used to explain the variables used in the study, such as Islamic Corporate Social Responsibility (ICSR), Public Share Ownership (Public), Company Size (SIZE), Leverage (DAR), Profitability (NPM), and Corporate Governance (CG).

Based on Figure 2, it shows that the minimum value of ICSR disclosure is 0.379310 owned by PT Wijaya Karya Tbk (WIKI) in 2015. The maximum value is 0.620890 owned by PT Astra International Tbk (ASII) in 2020. The mean value is 0.506944 and the standard deviation of 0.062578. This shows that the mean value is greater than the standard deviation, which means that the Islamic Corporate Social Responsibility in this study does not vary or the data is grouped.

The minimum value of Public Shareholding is 0.150082 owned by PT Unilever Indonesia Tbk (UNVR) in 2015. The maximum value is 0.825217 owned by Matahari Department Store Tbk (LPPF) in 2018. The mean value is 0.417119 and the standard deviation is 0.154305. This shows that the mean value is greater than the standard deviation, which means that the Public Share Ownership in this study does not vary or the data is grouped.

The minimum value of Company Size is 15.173740 which is owned by Matahari Department Store Tbk (LPPF) in 2015. The maximum value is 31.739650 which is owned by PT. Bumi Serpong Damai Tbk (BDE) in 2020. The mean value is 23.461230 and the standard deviation is 0.761456. This shows that the mean value is greater than the standard deviation, which means that the size of the company in this study does not vary or the data is grouped.

The minimum leverage value is 0.157146 which is owned by PT Kalbe Farma Tbk (KLBF) in 2018. The maximum value is 0.908037 which is owned by Matahari Department Store Tbk (LPPF) in 2020. The mean value is 0.496344 and the standard deviation is 0.167030. This shows that the mean value is greater than the standard deviation, which means that the leverage in this study does not vary or the data is clustered.

The minimum Profitability value is -0.282202 owned by Matahari Department Store Tbk (LPPF) in 2020. The maximum value is 0.499328 owned by PT Bumi Serpong Damai Tbk (BSDE) in 2017. The mean value is 0.136291 and the standard deviation is 0.104213. This shows that the mean value is greater than the standard deviation, which means that the profitability in this study does not vary or the data is grouped.

The minimum value of Corporate Governance is 10,000000 owned by PT Bumi Serpong Damai Tbk (BSDE) in 2015. The maximum value is 27,000,000 owned by PT Astra International Tbk (ASII) in 2017. The mean value is 17.736110 and the previous standard deviation is 3.500475. This shows that the mean value is greater than the standard deviation, which means that Corporate Governance in this study does not vary or the data is grouped.

	ICSR	PUBLIC	SIZE	LEV	PROF	CG
N	72	72	72	72	72	72
Minimum	0.379310	0.150082	15.173740	0.157146	-0.282202	10.000000
Maximum	0.620690	0.825217	31.739650	0.908037	0.499328	27.000000
Mean	0.506944	0.417119	23.461230	0.496344	0.136291	17.736110
Std. Dev.	0.062578	0.154305	0.761456	0.167030	0.104213	3.500475

Figure 2
Descriptive Analysis Results

Source: Data Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.366912	0.056420	6.503180	0.0000
PUBLIC	-0.111007	0.041974	-2.644660	0.0102
SIZE	0.004359	0.001198	3.639427	0.0005
LEV	0.014567	0.041456	0.351389	0.7264
PROF	0.147992	0.064592	2.291198	0.0252
CG	0.003195	0.001902	1.680139	0.0977
Root MSE	0.051875	R-squared		0.303151
Mean dependent var	0.506944	Adjusted R-squared		0.250360
S.D. dependent var	0.062578	S.E. of regression		0.054181
Akaike info criterion	-2.913307	Sum squared resid		0.193750
Schwarz criterion	-2.723585	Log likelihood		110.8791
Hannan-Quinn criter.	-2.837778	F-statistic		5.742414
Durbin-Watson stat	2.041389	Prob(F-statistic)		0.000185

Figure 3
Research Result

Source: Data Analysis

The Effect of Public Share Ownership on ICSR Disclosure

Based on the result of the analysis, the coefficient of Public Share Ownership (Public) is -0.111007, meaning that each increase of one unit of Public Shareholding will decrease the ICSR regression coefficient of 0.111007, assuming other independent variables of Public Shareholding are considered constant. This statement contradicts the previous research and stakeholder theory, stating that a large number of company stakeholders or shares outstanding to the public requires companies to disclose ICSR widely.

The result of the *t*-statistical test showed a significant value of fish $0.0102 < 0.05$. Therefore, it can be concluded that hypothesis H1 is accepted, which means that public share ownership affects the disclosure of ICSR. This can be caused by the more shares outstanding in the community, the greater the company's pressure to disclose ICSR widely.

The result of this study is in line with the stakeholder theory which explains that the company carries out its operational activities based on the aims and objectives of the stakeholders. This requires that the company cannot do anything without the consent of the stakeholders.

The Effect of Firm Size on ICSR Disclosure

Based on the result of the analysis, the coefficient of Firm Size (Size) is 0.00439, meaning that each increase of one unit of Company Size will increase the ICSR regression coefficient by 0.00439, assuming the other independent

variables of Size are considered constant. This statement agrees with the previous research and supporting theory which states that the larger the size of the company, the more complex its operational activities are so that the company has the responsibility to make extensive disclosures.

The result of the *t*-statistical test showed a significant value of fish $0.0005 < 0.05$. Thus, it can be concluded that hypothesis H2 is accepted, which means that the size of the company affects the disclosure of ICSR. This is because large companies carry out their operational activities optimally to realize the goals and objectives of the stakeholders.

Disclosure of ICSR carried out by large-scale companies is a form of company commitment in showing its existence to stakeholders as well as potential investors and also the public that the company has carried out its operational activities well so that it can add to the company's image.

The Effect of Leverage on ICSR Disclosure

Based on the result of the analysis, the Leverage coefficient (DAR) is 0.014567, meaning that each increase in one DAR unit will increase the ICSR regression coefficient by 0.014567, assuming other independent variables from DAR are considered constant. This is in line with previous research and supporting theories that already exist, according to Bimaswara et al. (2018), the higher the company's leverage level, the higher the company's responsibility so that the greater the disclosure of ICSR.

The results of the *t*-statistical test showed a significant value of fish $0.7264 > 0.05$. so it can be concluded that hypothesis H3 is rejected, which means that leverage does not affect ICSR disclosure. This shows that the high level of corporate debt does not increase the company's obligation to disclose ICSR widely. Thus, CSR disclosure is not the main criterion for creditors, meaning that creditors can obtain information related to the company other than the company's annual report.

Creditors can pocket information through management directly by asking about the financial condition or the company without having to read the financial statements so that creditors do not demand that the company discloses ICSR extensively. The results of this study are in line with Nugraheni & Permatasari (2016) and Riyani & Dewi (2018) which state that leverage does not affect ICSR disclosure.

The Effect of Profitability on ICSR Disclosure

Based on the results of the analysis, the coefficient of Profitability (NPM) is 0.147992, meaning that every increase of one unit of NPM will increase the ICSR regression coefficient of 0.147992, assuming other independent variables of NPM are considered constant.

The results of the *t*-statistical test showed a significant value of fish $0.0252 < 0.05$. so it can be concluded that hypothesis H4 is accepted, which means that profitability affects ICSR disclosure. This is because companies that have high profits will allocate more funds for social activities, thereby expanding the disclosure of ICSR.

The allocation of corporate CSR funds is a distinct entity so that companies with large margins tend to allocate more CSR funds. The large allocation of CSR funds causes companies to be able to disclose CSR widely.

The Effect of Corporate Governance on ICSR Disclosure

Based on the result of the analysis, the coefficient of Corporate Governance (CG) is 0.003195, meaning that every increase of one unit of Corporate Governance (CG) will increase the ICSR regression coefficient by 0.003195 with the assumption that other independent variables of CG are considered constant.

The results of the *t*-statistical test showed a significant value of fish $0.0977 > 0.05$. so it can be concluded that the H5 hypothesis is rejected, which means that Corporate Governance (CG)

does not affect ICSR disclosure. This shows that

Components in Corporate Governance have their respective responsibilities in carrying out their duties so that differences in interests between management structures cause companies not to disclose ICSR widely.

5. CONCLUSION, IMPLICATION, SUGGESTION AND LIMITATION

Based on the research, it shows that the Firm Size (H2) and Profitability (H4) variables have a positive effect on the use of ICSR in companies listed in JII in 2015-2020. The variable of public share ownership (H1) affects ICSR ownership in companies listed in JII in 2015-2020. However, the leverage (H3) and corporate governance (H5) variables do not affect the use of ICSR in companies listed in JII in 2015-2020.

The result of the study indicate that firm size affects ICSR performance. This is influenced by companies in the research sample which have a large size, so to maintain their reputation companies must implement ICSR. Furthermore, profitability also affects ICSR. This is influenced by the company's awareness and compliance with ICSR regulations, so the company allocates larger ICSR funds. Furthermore, public share ownership is not able to provide intense supervision to the company which causes the company not to disclose ICSR which can have a long-term impact. In this study, the amount of company debt cannot determine the ICSR level, so that the company's image can be maintained with others. The size of the audit committee, the size of the board of commissioners and the size of the final board are not able to provide maximum oversight to provide ICSR that is carried out widely.

Based on the results of this study, it is hoped that no element in corporate governance can carry out its duties and obligations in carrying out the trip, so that ICSR is carried out better. Being able to consider investors who prioritize the practice of sharia principles will build on ICSR. In addition, it can be used as the basis for a clearer ICSR policy for Islamic companies in Indonesia.

in this study, among others: (1) the adjusted test for R2 whose value is still low, namely 25% so that there are still 75% of other variables that can affect the weakness of ICSR; (2) The ISR index is still using the old index

standard which has not been developed yet by the researchers. Furthermore, the next researcher can use other variables that are more relevant to industry specialization and the addition of years of research.

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