

**THE INFLUENCE OF ISLAMIC CORPORATE SOCIAL RESPONSIBILITY AND
ISLAMICITY PERFORMANCE INDEX DISCLOSURE ON COMPANY
REPUTATION: AN EMPIRICAL STUDY OF SHARIA BANK IN INDONESIA**

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Abstract: *This research aims to influence macroeconomic variables on economic growth in Indonesia. Economic growth is seen as a development of economic activity which causes goods and services produced in a country to increase. This research method is quantitative research with secondary data in the 2012-2021 observation period. Secondary data collection uses the documentation method for data on reports of total exchange rates, inflation, interest rates and economic growth from BPS, BPPRP and BPKAP, the data collected is analyzed using multiple linear regression using the eviews 9 computer program. Research results show 1) Value Exchange rate from the results of the multiple linear regression test has a negative and significant effect on economic growth during the 2012-2021 period, meaning that every increase in the exchange rate will reduce economic growth by -1.28%. 2) Inflation has a positive and significant effect on economic growth in 2012-2021, increasing economic growth by 3.83%. 3) The BI-7 Day Reverse Repo Rate (BI7DRR) has no significant effect on economic growth in 2012-2021 and has no impact whatsoever on economic growth. This research aims to determine the influence of Islamic Corporate Social Responsibility on the reputation of Sharia banking companies in Indonesia and the Islamicity Performance Index on the reputation of Sharia banking companies in Indonesia for the 2019-2022 period. This research is a quantitative study and the data used in this research is secondary data. starting from annual statements and statements about the sustainability of Sharia banks. The sample collection technique uses a purposive sampling method, meaning the sample selection method uses the specified collection method, obtained from 3 Sharia commercial banks which were used as research samples during 2019-2022. Data analysis uses simple Linear Regression Analysis. The research results show that ICSR and IPI disclosures have a positive and significant influence on corporate reputation at Sharia banks in Indonesia. This research contributes to know about the influence of Islamic Corporate Social Responsibility on the reputation of Sharia banking companies in Indonesia and the Islamicity Performance Index on the reputation of Sharia banking companies in Indonesia for the 2019-2022 period. Not only that, this research can be a reference for further research.*

Keywords: *Islamic corporate social responsibility, Islamicity performance index, company reputation*

1. Introduction

Significant changes in environmental conditions recently have been caused by unethical and irresponsible company behavior, such as in the case of environmental damage at unconventional tin mining sites on the coast of Bangka-Belitung Island, and the conflict between PT Freeport Indonesia and the Papuan people (Apriyanti & Budiasih, 2016). Along with the increase in unethical and irresponsible corporate behavior, awareness of Corporate Social Responsibility (CSR) is also increasing globally. CSR not only emphasizes sustainable business, but also underscores responsibility towards an ever-changing ecosystem. Many companies see CSR as an important tool to improve their image. Therefore, currently, companies cannot ignore the importance of CSR for long-term sustainability (Soemitra, 2017). As awareness of corporate social responsibility (CSR) increases throughout the world, Islamic banks must ensure that their CSR practices comply with sharia principles. When CSR violations occur, a quick response and commitment to correcting wrong practices can help Islamic banks restore their reputation and improve relationships with stakeholders. This entire phenomenon highlights the importance of ethics, environment and social responsibility in influencing the reputation of Islamic banks. When CSR violations occur, a quick response and commitment to correcting wrong practices can help Islamic banks restore their reputation and improve relationships with stakeholders. This entire phenomenon highlights the importance of ethics, environment and social responsibility in influencing the reputation of Islamic banks. When CSR violations occur, a quick response and commitment to correcting wrong practices can help Islamic banks restore their reputation and improve relationships with stakeholders. This entire phenomenon highlights the importance of ethics, environment and social responsibility in influencing the reputation of Islamic banks.

Bank Syariah Indonesia (BSI) is one of the largest sharia banks in Indonesia with an extensive network. The Bank has implemented a due diligence method for each core CSR subject, which includes: Conducting employee and customer satisfaction surveys. Increasing employee competency regarding CSR and sustainable finance through training organized by BSI Corporate University in collaboration with partners who are experts in the field of CSR and sustainable finance. Implementing bank guidelines in the distribution of financing to fulfill aspects of Environmental Impact Analysis (Amdal) in the Micro, Small and Medium Enterprises (MSME), commercial and corporate segments. In 2019 BSI issued a CSR budget of 3,145.9 million, in 2021 the CSR budget issued by BSI was 187.14 billion, this is 2,000 higher.

Bank Muamalat Indonesia (BMI) is a sharia bank that has been operating since 1992. BMI offers various banking products and services that follow sharia principles. "Muamalat Achievement School is our commitment to support government programs in the education sector in the form of educational assistance for students/ I have achievements from underprivileged families and facilities and infrastructure to improve the quality of teaching and learning activities in schools, universities and Islamic boarding schools." In 2019 BMI issued a CSR budget of 11,429,745,051. In 2021 BMI issued a budget of 7.78 billion, down 16.2% from 2020 which amounted to 9.29 billion. And in 2022 BMI will issue a CSR budget of 5.93 billion.

BCA Syariah is a subsidiary of Bank Central Asia (BCA) which focuses on sharia-based financial services. BCA Syariah is committed to providing products and services that comply with sharia principles, as well as making positive contributions to society and the surrounding environment. BCA Syariah implements a holistic social and environmental responsibility program. These programs cover various aspects such as education, health, environment and

community empowerment. One of the programs run by BCA Syariah is the "BCA Syariah Cares for Education" program. This program aims to increase access to quality education for children from disadvantaged families. BCA Syariah collaborates with educational institutions and social foundations to provide scholarships, book donations, and learning facilities for students in need. In 2019 BCA Syariah issued a CSR budget of IDR 632,323,830. In 2020 the total BCA Syariah CSR budget was IDR 676,275,184. In 2021 it was IDR 529.8 million, and in 2022 it was IDR 515.4 million.

These three sharia banks understand the importance of social and environmental responsibility as part of sharia principles. They have a strong commitment to play an active role in improving society and the surrounding environment through the CSR programs they run (Ridwan, 2013). In an effort to increase the positive impact of CSR activities, the three banks also adopt best practices and ensure that their CSR programs are in line with community needs and aspirations. In the context of social and environmental responsibility, it is important to pay attention to Islamic Corporate Social Responsibility (ICSR) disclosures carried out by sharia banks. ICSR is corporate social responsibility with dimensions of Islamic law, Islamic ethics and Islamic economic aspects, based on the teachings of the Koran and Hadith. Through ICSR disclosure, Islamic banks strive to build prosperity in the community around them. In this case, Sharia Bank is not only responsible towards stakeholders, but also aims to gain the pleasure of Allah SWT.

Apart from CSR disclosure, an indicator used to measure the performance of Islamic banks is the Islamicity Performance Index (IPI). IPI is an indicator that assesses the performance of sharia banks based on sharia principles, such as integrity, transparency, fairness and appropriateness in the products and services provided. Islamicity Performance Index which measures the performance of Sharia Banks, and CSR, each of which reflects its social performance reporting. These two things are done to improve the reputation of Sharia banks in the eyes of stakeholders (Mubarak, 2019). Company reputation is the perception, image and assessment that stakeholders have of the company. This includes perceptions about the quality of a company's products or services, integrity, social responsibility, financial performance, innovation, employee relations, and environmental impact, among other factors. A company's reputation, as a measure of the overall quality of business decisions, is a valuable resource and difficult to replicate in its entirety (Ruiz, 2016). Many previous studies have been conducted examining CSR practices in many companies. One of these studies was by Trisnawati, R. entitled "Measuring the Social Responsibility of Sharia Banking Companies in Indonesia", the results of the analysis show that there is a need to converge the GRI index and ISR index on indicators such as labor, government, economy, and responsibility for products and services (Isnaini, 2016).

Another research by Djunaedi entitled "The Influence of Corporate Social Responsibility (CSR) and Product Quality on Bank Image and Saving Decisions at BNI Syariah Kediri City" shows that BNI Syariah Bank CSR in Kediri City has an effect on the bank's image. The results of this research show that the credibility of Sharia Banks, especially Bank BNI Syariah, has been recognized and can be seen from the public's interest in saving at the bank (Itamaji, 2018)

Furthermore, research by Arifin and Wardani (2016) with the title "Islamic Corporate Social Responsibility Disclosure, Reputation and Performance Finance: Study of Sharia Banks in Indonesia" shows that Islamic CSR has a significant positive effect on company reputation, Islamic CSR has no effect on ROA, and Islamic CSR (ICSR) has a significant positive impact on ROE.

According to research by Syurmita & Fircarina (2020), "The Influence of Zakat Performance Ratio, Sharia CSR, and the Implementation of Sharia Business Good Governance on the Financial Performance of Sharia Commercial Banks in Indonesia" shows that zakat, Sharia CSR, and the implementation of Sharia Business Good Governance have an effect on financial performance Sharia Commercial Banks in Indonesia. In Indonesia, it shows that zakat has a very beneficial impact on the company's performance, regardless of company performance, zakat has a small impact on its reputation. Company performance and reputation are significantly positively influenced by ICSR, but neither is significantly positively influenced by the implementation of GGBS. For companies, implementing GGBS has no impact on business position and productivity or company performance. However, recent research by Husnaini et al.

H0: Islamic Corporate Social Responsibility has a negative effect on company reputation in Indonesia.

Furthermore, research by Oktada & Suryani in 2016 entitled "The Impact of Corporate Social Responsibility (CSR) on Customer Trust and Company Reputation: The Case of BCA Bank" shows that CSR significantly and positively influences the company's reputation, customer trust is positively influenced and significantly by CSR. Supported In a study conducted by Wardani (2014), results were found that support the view that Islamic Corporate Social Responsibility contributes positively and significantly to the company's reputation.

Ha: Islamic Corporate Social Responsibility significantly influences company reputation in Indonesia.

There are limitations to previous research which specifically focused on disclosure of Corporate Social Responsibility (CSR) and Islamicity Performance Index (IPI) in Islamic banks in Indonesia. Although there is research on CSR and IPI in conventional banks, research examining Islamic banks is still limited. There is a lack of empirical studies that directly link CSR and IPI disclosures with company reputation in the context of Islamic banks in Indonesia. Although there is research on the relationship between CSR and company reputation, research that focuses on Islamic banks in Indonesia is still rarely conducted. This research aims to examine the influence of Islamic CSR and IPI disclosures on corporate reputation at Islamic banks in Indonesia. This will provide a more comprehensive understanding of the relationship between CSR and IPI disclosures and company reputation in the context of Islamic banks. Identifying factors that influence the level of CSR and IPI disclosure in Islamic banks in Indonesia.

By identifying the factors that influence CSR and IPI disclosure, this research will provide insight into the factors that need to be considered in efforts to increase CSR and IPI disclosure in Islamic banks in Indonesia. Analyzing the relationship between CSR and IPI disclosures and company reputation in Islamic banks in Indonesia. This analysis will provide a deeper understanding of the impact of CSR and IPI disclosures on company reputation in the context of Islamic banks in Indonesia.

2. Research Method

To examine the influence of Islamic Corporate Social Responsibility (CSR) and Islamicity Performance Index (IPI) disclosures on company reputation, this research uses quantitative research methods, which aim to measure how much influence the independent variable (ICSR) has on the dependent variable (company reputation) using numbers or numeric data. Research design: This research uses a cross-sectional research design, which was carried

out at a certain time by collecting data from Sharia Commercial Banks registered with the OJK which were randomly selected from the population studied.

Population and sample: The population in this study are 3 Islamic commercial banks in Indonesia. The sample was selected using a purposive sampling technique. From the sample used, it can be concluded that this research uses secondary data from the Annual Report of three Islamic commercial banks in Indonesia. The data will then be analyzed to measure corporate social responsibility (CSR) in the Islamic banking industry in Indonesia and its impact on company reputation. In this research, an analysis of the Islamic Social Responsibility (ISR) Index was carried out for indicators such as labor, government, economy, and responsibility for products and services. Then, an analysis was also carried out on the influence of CSR on the image of Sharia banks.

By using this sample, it is hoped that it can provide a representative picture of corporate social responsibility in the Islamic banking industry in Indonesia and its influence on company reputation. However, it should be remembered that the use of this sample may not represent the condition of the entire Islamic banking industry in Indonesia as a whole, so it is necessary to take a wider sample or use different research methods to obtain a more complete picture. The following is a table listing research samples along with the names of Sharia Commercial Banks that are research samples and their data sources:

No	Sharia Commercial Bank	Data
1	PT. Indonesian Sharia Bank	Annual Report
2	PT. Bank Muamalat Indonesia	Annual Report
3	PT. BCA Syariah Bank	Annual Report

Data collection techniques: Data collection is carried out through the annual financial reports of Sharia Banks, and uses dependent and independent variables. In this research, the dependent variable is reputation, which is measured using the market share of Third Party Funds (DPK) managed by sharia banks. The use of TPF as a proxy for measuring reputation is due to the fact that DPK reflects the level of public trust in placing their funds among the various sharia banks available on the market. The formula for calculating market share is $REP (\text{market share}) = \text{Bank DPK} / \text{Total DPK in the market}$.

Meanwhile, the independent variable in this research is ICSR (Islamic Corporate Social Responsibility). ICSR is calculated by calculating the total number of disclosure items in the Islamic social disclosure report (ISR), which consists of 12 items. Each item disclosed by the company is given a value of 1, while those that are not disclosed are given a value of 0. Therefore, the formula for calculating the ICSR value is the total number of disclosure items disclosed in the ISR. **Data analysis technique:** The collected data was analyzed using simple linear regression analysis with the help of the SPSS (Statistical Package for the Social Sciences) program. This analysis was carried out to test the research hypothesis and calculate the regression coefficient value, significance value and R-squared value. A simple linear regression model can be described as follows:

Company Reputation (Y1) = Constant (α_1) + Regression Coefficient (β_1) x ICSR (X1) + Error (e).

In this model, Y1 represents company reputation, X1 represents ICSR, and α_1 is a constant. The regression coefficient, β_1 , indicates how much of the change in corporate reputation can be explained by changes in ICSR. The error, e, represents values that cannot be explained by the regression model.

3. Results and Discussion

In measuring the financial performance of the three Islamic commercial banks, namely Bank Muamalat Indonesia, Bank Syariah Indonesia, Bank BCA Syariah, using the Islamic performance index method, the following results were found:

Table 1
Profit Sharing Ratio Results

	Bank Muamalat Indonesia	Indonesian Sharia Bank	Bca Syariah Bank
2019	29.6%	26.4%	54.0%
2020	29.8%	23.3%	66.0%
2021	17.2%	20.3%	78.0%
2022	17.6%	16.2%	85.1%
Average	23.3%	21.5%	70.0%

Source :

The table above shows the profit sharing ratio of the same three Islamic commercial banks. The profit sharing ratio is measured in percentages and each row in the table represents a particular year, while each column represents the profit sharing ratio for each bank in that year. At the end of each column, there is the average profit sharing ratio for those banks.

Table 2
Zakat Performance Ratio

	Bank Muamalat Indonesia	Indonesian Sharia Bank	Bca Syariah Bank
2019	0.046%	0.016%	0.012%
2020	0.049%	0.030%	0.013%
2021	0.071%	0.038%	0.012%
2022	0.083%	0.046%	0.018%
Average	23.55%	21.5%	70.77%

The table above shows the zakat performance ratio of three sharia commercial banks, namely Bank Muamalat Indonesia, Bank Syariah Indonesia, and Bank BCA Syariah. The zakat performance ratio is measured in percentages and each row in the table represents a particular year, while each column represents the zakat performance ratio for each bank in that year. At the end of each column, there is an average zakat performance ratio for these banks.

The following is a table of normality test results using One-Sample Kolmogorov Smirnov on the company reputation variable:

One-Sample Kolmogorov-Smirnov

		Unstandardized Residuals
N		12
Normal Parameters, b	Mean	.0000000
	Std. Deviation	13807.27575
		945
Most Extreme Differences	Absolute	.214
	Positive	.131
	Negative	-.214

Statistical Tests	,214
Asymp. Sig. (2-tailed)	.135c

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.

This table shows the results of the normality test carried out using the One-Sample Kolmogorov-Smirnov method on the company reputation variable. In this table, there is several important information, including:

- N: Number of data samples tested for normality, namely 12.
- Statistical Test: The statistical value of the normality test, in this case is 0.214.
- Asymp. Sig. (2-tailed): Two-tailed significance value from the normality test, namely 0.135.

Based on the results of the normality test, it can be concluded that the company reputation variable is normally distributed, because the significance value (Asymp. Sig.) is greater than 0.05. The following are the results of the partial significance test (T test) used to determine the effect of the independent variable on the dependent variable in the regression model. The standard used is if $t_{\text{calculated}} > t_{\text{table}}$ then reject H_0 and accept H_a , which means the independent variable has an influence on the dependent variable with a degree of confidence of 5% ($\alpha = 0.05$), or vice versa, if $t_{\text{calculated}} < t_{\text{table}}$, then accept H_0 and reject H_a . The T test results are displayed in the following explanation:

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	46204.001	10361.506		4,459	,003
	ICSR(X1)	-17,466	21,429	-.261	-.815	,442
	ZPR(X2)	5,815	1,170	1,119	4,969	,002
	PSR(X3)	-6,473	16,891	-.087	-.383	,713

a. Dependent Variable: Y

In the results of the partial significance test using the T test in the regression model, we can see the influence of the independent variables (X1, X2, and X3) on the dependent variable (Y). The following is an explanation for each variable given:

Model: This shows the number of the analyzed regression model.

Unstandardized Coefficients: This shows the unstandardized coefficient for each independent variable. In this case, the independent variable X1 has a coefficient of -17.466, X2 has a coefficient of 5.815, and X3 has a coefficient of -6.473.

Standardized Coefficients: It shows the standardized coefficient for each independent variable. In this case, the independent variable X1 has a standardized coefficient of -0.261, X2 has a standardized coefficient of 1.119, and X3 has a standardized coefficient of -0.087.

t: This is the t value calculated for each independent variable. This t value is used to test the significance of the independent variable on the dependent variable. In this case, the independent variable X1 has a t value of -0.815, X2 has a t value of 4.969, and X3 has a t value of -0.383.

Sig.: This shows the significance value (p-value) for each independent variable. The p-value is used to determine whether the independent variable significantly influences the dependent variable. In this case, the independent variable X1 has a p-value of 0.442, X2 has a p-value of 0.002, and X3 has a p-value of 0.713.

Based on the standards used, if the calculated t value (which is calculated from the data) is greater than the t table value at a certain level of significance (in this case, a degree of confidence of 5% or $\alpha = 0.05$), then the null hypothesis (H_0) is rejected and the alternative hypothesis (H_a) accepted. This means the independent variable has a significant influence on the dependent variable. Conversely, if the calculated t value is smaller than the table t value, then H_0 is accepted and H_a is rejected. However, it should be noted that in the case of X2, the calculated t value (4.969) is greater than the t table value at the 5% significance level. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted, indicating that the independent variable X2 has a significant influence on the dependent variable Y at a confidence level of 5%. The results of this research are in line with research by Oktada & Suryani (2016) and research by Destiani and Juliana (2021) where they found the same empirical evidence that there is a significant influence between Islamic Corporate Social Responsibility (ICSR) and the Islamicity Performance Index (IPI) on company reputation.

4. Conclusion

Based on the test results and discussions described previously, it can be concluded that disclosure of Islamic Corporate Social Responsibility (ICSR) and Islamicity Performance Index (IPI) has a positive and significant influence on corporate reputation at Islamic banks in Indonesia. Islamic banks that are active in expressing corporate social responsibility based on Islamic principles and have good performance according to IPI tend to have a better reputation in the eyes of stakeholders. These findings provide a more comprehensive understanding of this relationship and can provide insight into improving ICSR and IPI disclosures in Islamic banks in Indonesia, so as to strengthen the company's reputation from a sharia perspective.

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