International Journal of Economics, Business and Accounting Research (IJEBAR)
Peer Reviewed – International Journal
Vol-6, Issue-4, 2022 (IJEBAR)
E-ISSN: 2614-1280 P-ISSN 2622-4771
https://jurnal.stie-aas.ac.id/index.php/IJEBAR

ISLAMIC SOCIAL REPORTING AND FIRM VALUE ISLAMIC BANKING COMPANY WITH RGEC METHOD

Puji Nurhayati[1)*], Erisa Putri Wardani[2)], Desy Nur Pratiwi[3)]
Accounting Department, Faculty of Economics and Business, Universitas PGRI Madiun, Indonesia[1,2]
Institut Teknologi Bisnis AAS Indonesia[3]
Email : pujinurhayati@unipma.ac.id

Abstract : The company's value is significant for investors because it can reflect its condition. Maximizing company value can be done by maintaining the level of bank health. The study aimed to determine the determinants of Risk Profile, Good Corporate Governance, Earnings, and Capital (RGEC) on company value. As well as the influence of moderation between RGEC variables on company value through Islamic Social Reporting. This research was conducted on 13 Islamic general banks in Indonesia. The study sample was 91 data. The data used is secondary data. This type of research is descriptive quantitative with multiple regression analysis techniques of panel data. The sampling technique is carried out by purposive sampling method. The result of this study is that the risk profile has a positive and significant effect on the company's value. GCG does not influence company value. Earnings have a negative and powerful influence. Capital does not affect the value of the company. Meanwhile, ISR can moderate the risk profile and gain company value. However, ISR is unable to negotiate GCG and capital toward company value.

Keywords: *Risk Profile, Good Corporate Governance, Earning, Capital, Financial Distress*

---

1. Introduction

Financial institutions have an essential role as a support for the wheels of a country's economy for national development, one of which is banking. (Aprilia & Hapsari, 2021). Banking is regulated by the Law of the Republic of Indonesia Number 10 of 1998. Article 1, paragraph 2 of the law explains that a bank is an institution engaged in the financial sector that functions as an intermediary between the community and the condition of excess funds in the hope of improving public welfare. Banking that operates optimally can mark that a country's financial development is in a safe position to create a higher and more significant economic growth (Gupta *et al*., 2018).

As public servants, banks must maintain an excellent reputation to maintain public trust. Parties closely related to financial performance, such as investors, will usually focus on financial statements to analyze and evaluate something that may happen in the future (Prasojo, 2015). The company's value is significant for investors because it can reflect its condition. Maximizing company value can be done by maintaining the level of bank health. One of the factors that can affect the level of health of banks is non-performing loans and bad loans because they can cause the effectiveness of monetary policy to be disrupted and result in payment traffic becoming less smooth and efficient. Therefore, banks must maintain health

E-ISSN: 2614-1280 P-ISSN 2622-4771
https://jurnal.stie-aas.ac.id/index.php/IJEBAR

through the Risk Profile, Good Corporate Governance, Earnings, and Capital (RGEC) method by PBI No. 13/1/PBI/2011.

Based on the explanation above, the phenomenon in this study is related to the ratio of NPF to company value in Islamic banks. According to CNBC Indonesia, there are financing problems from 13 Islamic commercial banks (BUS) (www.cnbcindonesia.com). The high NPF of 13 Sharia Commercial Banks was influenced by the deterioration of several significant Islamic banks, such as Bank Syariah Mandiri (BSM), BRI Syariah, and Bank Muamalat Indonesia. BSM recorded an NPF ratio of 4.53% at the end of 2017 and 4.92% at the end of 2016. Meanwhile, BRI Syariah recorded an NPF of 6.43% at the end of 2017 and 4.57% at the end of 2016. In June 2018, BSM's NPF ratio improved to 3.97%, while BRI Syariah's NPF was still at 5.13%. Bank Muamalat, the first Islamic bank in Indonesia, recorded the most significant decline in NPF in June 2018. Bank Muamalat's NPF was at 1.65% gross in June 2018, compared to a year earlier which was recorded at 4.95%. Meanwhile, on a net basis, Bank Muamalat's NPF was recorded at 0.88% at the end of June 2018. The decrease in NPF supported the increase in Bank Muamalat's profit by more than three times, from IDR 29.96 billion to IDR 103.74 billion.

Investors' assessment of the company's value is not only measured through financial conditions but also in non-financial terms, such as a form of corporate responsibility to the environment and the surrounding community called Islamic Social Reporting (ISR). ISR is essential because the existence of ISR company value can increase so that investor confidence will grow. In addition, the obligation of social and environmental disclosure since 2012 has made companies in Indonesia, including Islamic banking companies, also disclose ISR.

Several previous researchers have carried out this research topic. Research by Lestari & Wirakusuma (2018) shows that the Risk profile negatively affects the value of the bank company. At the same time, a study by (Murni & Sabijono, 2018) suggests that a risk profile positively and significantly affects the company's value. Research that has been conducted by Ulfa & Asyik (2018), Prakarsa *et al*. (2020), Anisa & Suryandari (2021), and Wardani & Nurhayati (2021) also shows that GCG does not affect company value. Contrary to the results of the study by Nurjanah *et al*. (2017) and Prabawati *et al.* (2021), GCG can have a positive and significant effect on company value. Research by Halimah & Komariah (2017) & Utami (2021) shows that BOPO negatively influences the company's value. Further investigation by Nurjanah *et al*. (2017) & Anwar (2018) shows that CAR does not affect the company's value.

This research is a research development from Wardani and Nurhayati (2021), but what distinguishes this study from previous studies by addition of ISR variables in moderating the relationship between RGEC and company value. In addition, this study also used the 2014-2020 research year. This study aims to determine the effect of RGEC on the importance of Islamic banking companies and the impact of ISR moderation on the influence of RGEC on the value of Islamic banking companies. This research is expected to contribute both theoretically and practically to the implementation of ISR in Islamic banking companies in Indonesia.

2. Literature Review

Stakeholder Theory

The term Stakeholder is an individual or group that influences or is influenced by the achievement of company goals (Robert Edward, 2010). In general, the company's purpose is to make a profit or profit, but in reality, the company's goal is not only focused on its interests. The statement was also supported by (Chariri & Ghozali, 2007) that the company is not only an entity that operates alone to profit but contributes through benefits to stakeholders such as creditors, government and society, consumers, and investors.

Stakeholders will assess the extent to which the company can implement its duties by the objectives formed so that disclosure of corporate social responsibility is necessary because the company must report and be responsible for its operational activities (Budiyono, et al 2021). This theory aims to help company managers assess the environment of stakeholders and manage relationships more effectively (Indra Lila, et al 2021). Meanwhile, the goal is to help company managers increase the value of minimizing stakeholder losses.

Company Values

The theory of the firm states that the establishment of a company is twofold: maximizing wealth by obtaining high profits and achieving company value by prospering shareholders *(Prakarsa et al.*, 2020). The company's value can be observed by looking at the stock price in the market. The higher the market price of the company's shares, the higher the value of the company (Wikan, 2021).

***Risk Profile, Good Corporate Governance, Earnings, Capital* (RGEC)**

The RGEC method has been officially implemented since January 2012 and is used to assess the level of health of banks. They are related to Bank Indonesia Regulation No.13/1/PBI/2011 that banks must conduct their assessment or self-assessment (Paramartha & Mustanda, 2017). By using the Risk Based Bank Rating (RBBR) approach. The components used in the RGEC assessment are risk profile, good corporate governance, earnings, and capital (PBI Number 13 of 2011).

Assessment of risk profile factors is an assessment of the inherent risks and quality of risk management implementation in bank operations which can be carried out through 8 risks, namely credit risk, market risk, liquidity risk, operational risk, legal risk, strategic risk, and compliance and reputation risk (PBI No.13/1/PBI/2011 article 7). Good Corporate Governance (GCG) is a form of disclosure of bank conditions in regulating and controlling companies and maintaining the banking system's stability in retaining the title (Iin Emy and Anik, 2020). Earnings measure management's effectiveness in managing the company (Lestari & Wirakusuma, 2018). Another goal is to assess the sustainability of a bank's income (Aprilia & Hapsari, 2021). The basis of the company's operational activities is capital calculated by increasing or subtracting company losses (Lestari & Wirakusuma, 2018). CAR is a ratio used to analyze the condition of capital adequacy to cover company losses that impact the decline in the value of assets caused by several risky assets.

The risk profile is calculated using Non-Performing Financing (NPF). The lower the NPF ratio, the smaller the credit risk that occurs. Because poor credit quality will pose risks (Murni & Sabijono, 2018), the statement is by the results of research conducted by Lestari & Wirakusuma (2018) & Mahandri & Wirama (2018), which proves that the risk profile has a negative and significant effect on the value of the company. The hypothesis that can be formed is as follows:

H1: *Risk profile has a negative and significant effect on company value*

A few years ago, the condition of banks in Indonesia was very vulnerable to nationality. Therefore Bank Indonesia set new indicators to assess the level of bank health through GCG. This assessment can be carried out by self-assessment to evaluate management performance in managing the company to achieve the company's goals, namely increasing profits and the welfare of stakeholders. The smaller the rating obtained, the better the implementation of

GCG. Otherwise, if it gets a rating of 3, 4, or 5, the company must submit an action plan to the bank supervisor (Kuncoro & Suhardjono, 2016). Research (Prabawati *et al*., 2021) & Nurjanah *et al*. (2017) show that Good Corporate Governance positively and significantly affects company values. The hypotheses that can be concluded are:
H2: ***Good Corporate Governance has a positive and significant effect on company value***

The measurement of earnings is carried out through the ratio of Operating Expenses to Operating Income (BOPO). The ratio is used as a controller of operating costs to operating income (Nurjanah *et al*., 2017). Companies must be able to control operating costs that consume large amounts of funds and must be able to balance with an increase in their operating income (Nurjanah *et al*., 2017). The statement is consistent with Halimah & Komariah (2017) & Utami (2021), which resulted in research that BOPO has a negative and significant effect on Company Value. The description can be compiled hypothesis as follows:
H3: ***Earnings have a negative and significant effect on the company***

One of the indicators of a healthy bank is that it can meet the minimum limit of the Capital Adequacy Ratio (CAR) by banking regulations, which is 8%. Investors will receive information about the CAR as an indicator of the bank's assessment in anticipation of risks that may occur in the future. This is in line with the research Field (Prakarsa et al., 2020), which shows that the higher the CAR, the higher the company's value. Then the hypotheses that can be compiled are as follows:
H4: ***Capital has a positive and significant effect on the value of the company Islamic Social Reporting*** **(ISR)**

ISR is a form of social responsibility to Allah SWT, the environment, and the community for the business activities carried out, which are presented in the annual report. To compete with conventional banking, it is recommended that Islamic banks maintain a positive image of their companies through the disclosure of social responsibility by sharia principles or ISR. One of the benefits of ISR disclosure is that it can be used to attract public interest to use the products offered (Pratama *et al*., 2018). In addition, it can be used as an added value for the company when Islamic banks have a record of poor financial statements, such as the high ratio of credit risks that are being faced. From this statement, a hypothesis can be compiled as follows:
H5: ISR can moderate the relationship between risk profile and company value

Internal supervision in the form of Good Corporate Governance (GCG) can affect company value. Examples of GCG factors affecting company value include independent commissioners and audit committees. Supervision of independent commissioners can affect the improvement of the board of directors' performance to increase the company's value. Meanwhile, the audit committee's role is to optimize the supervisory function so that there is no mismatch of information (information asymmetry) that causes company losses, thereby reducing the value of the company (Widianingsih, 2018). GCG is one of the indicators included in the ISR assessment criteria to observe management in managing the company. This statement is supported by previous researchers, namely Widianingsih (2018), which reveals that CSR can moderate and strengthen the relationship between the influence of GCG on company values. The hypotheses that can be compiled are:
H6: ISR can moderate the relationship between GCG and company values

E-ISSN: 2614-1280 P-ISSN 2622-4771
https://jurnal.stie-aas.ac.id/index.php/IJEBAR

All financial information presented in the annual report will give a positive signal if the company can generate high profits. In addition to disclosing financial information, non-financial information, such as ISR disclosures, can also affect investors' perceptions. If these two things can be carried out simultaneously, the company's goal of increasing its value can be achieved. In addition, earnings and ISRs are considered to be related and positively signaling to investors can be characterized by an increase in stock prices and company value (Asari *et al*., 2021). The better disclosure of ISR can reflect that the company has been able to account for all its activities both to Allah SWT (vertical accountability) and to humans and nature (horizontal accountability) to make investors' sense of trust in the company increase (Sulistiyo & Yuliana, 2019). The statement is from the research conducted by Field Wulandari & Wiksuana (2017), which shows that CSR can moderate the relationship between profitability and company value. Based on this description, the alternative hypotheses proposed are as follows:

H7: ISR can moderate the relationship between earnings and company value

A bank that can provide reserve capital with a high value shows that the bank has an excellent ability to cover the risk of losses due to operational activities. The better the value of the CAR ratio, the better the implementation of the ISR activity, which can later affect the annual report (Astuti, 2019). According to (Sulistiyo & Yuliana, 2019), with the results of research showing that the Islamic Social Report (ISR) can moderate the relationship between capital adequacy and company value, the hypothesis that can be compiled:

H8: ISR can moderate the relationship between capital and company value

3. Research Methods

The research was conducted on Islamic banking companies in Indonesia during the period 2014-2020. This type of research is descriptive and quantitative, using data from numbers generated from annual reports. The technique used is multiple regression analysis using panel data. Data is processed with the help of the Eviews 9 program. The sampling technique is carried out by the nonprobability method of purposive sampling. Based on this study, the data was collected through secondary data. This study uses three variables: free (independent) variables, Risk Profile, Good Corporate Governance, Earnings, and Capital (RGEC). The variable is bound (dependent) to use the company's value (Earning Per Share). The moderation variable is Islamic Social Reporting (ISR). Here is the equation of multiple regression with panel data:

$$NP = \alpha + \beta1RP + \beta2GCG + \beta3Earnings + \beta4Capital + \varepsilon \ldots\ldots (1)$$

$$NP = \alpha + \beta1RP + \beta2GCG + \beta3Earnings + \beta4Capital + \beta5ISR + \varepsilon \ldots\ldots (2)$$

$$NP = \alpha + \beta1RP + \beta2GCG + \beta3Earnings + \beta4Capital + \beta5ISR + \beta6RP * ISR + \beta7GCG * ISR + \beta8GCG * ISR + \beta9Earnings * ISR + \beta10Capital * ISR + \varepsilon \ldots\ldots (3)$$

4. Results and Discussion

4.1. Result

Descriptive Statistics

Table 1. Descriptive Statistical Test Results

	RP	GCG	*Earnings*	*Capital*	ISR	NP
Mean	3.80	2.06	94.79	24.41	0.48	-5926.19
Median	3.18	2.00	91.76	19.44	0.50	7.30
Maximum	22.04	3.00	217.40	163.07	0.70	2154.68

Minimum	0.00	1.00	58.10	11.51	0.26	-311206.0
Observations	91	91	91	91	91	91

Source: Eviews 9 (2022)

Based on table 1 above, it is explained that the variable value of the company has an average value of -5926.19 median value of 7.30; The maximum value is 2154.68, and the minimum value is -311206.0. The Risk Profile variable has an average value of 3.80 and a median value of 3.18; The maximum value is 22.04, and the minimum value is 0.00. The GCG variable has an average value of 2.06; a median value of 2.00; A maximum value of 3.00, and a minimum value of 1.00. The Earnings variable has an average value of 94.79 median value of 91.76; The maximum value is 217.40, and the minimum value is 58.10. The Capital variable has an average value of 24.41 and a median value of 19.44; The maximum value is 163.07, and the minimum value is 11.51. The ISR variable has an average value of 0.48, the median value of 0.50, maximum value of 0.70, and minimum value of 0.26

Test Model

This model test is carried out to choose one of the three best models as a basis for calculations to answer the hypothesis that has been proposed. The three models are CEM, FEM, or REM which will be tested through the Chow Test, Hausman Test, and Lagrange Multiplier Test.

Table 2. Chow Test Result

Effects test	*Statistic*	d.f.	Prob.
Cross-section F	2.92	(12.73)	0.0023
Cross-section Chi-square	35.71	12	0.0004

Source: Eviews 9 (2022)

The Chow test is used to choose between CEM or FEM models. Based on the results in table 2 above, it is known that the chi-square cross-section is worth 35.71 with a probability of 0.0004 < 0.05, so it can be concluded that the best model, according to the chow test, is FEM. Then, to see the FEM model, a Hausman Test must be carried out. Below are the results of the Hausman test:

Table 3. Hausman Test

Test Summary	*Chi-Sq. Statistic*	Chi-Sq. d.f.	Prob.
Cross-section random	32.13	5	0.0000

Source: Eviews 9 (2022)

Based on the results of table 3 above, it is known that Cross-section random is worth 32.13 with a probability of 0.0000 < 0.05. After the Chow test and the Hausman Test, it can be concluded that the best model of the two tests is FEM, so the Langrange Multiplier Test is not carried out.

Multiple Linear Regression Analysis

Table 4. Multiple Regression Analysis Results

Variable	*Coefficient*	Std. *Error*	t-*Statistic*	Prob.
C	516194.5	73938.45	6.981408	0.0000
RP	16419.55	3733.993	4.397316	0.0000
GCG	-11583.06	24013.07	-0.482365	0.6311
Earnings	-6357.117	603.5197	-10,53340	0.0000
Capital	774.7078	1192.926	0.649418	0.5182

ISR	-1168638.0	169315.2	-6.902145	0.0000
RP*ISR	-35241.32	10630.62	-3.315078	0.0015
GCG*ISR	1085.853	49348.98	0.022004	0.9825
*Earnings**ISR	14810.80	1559.936	9.494491	0.0000
*Capital**ISR	-1262.875	2853.152	-0.442624	0.6594

Source: Eviews 9 (2022)

Based on table 3 above, multiple linear regression equations can be compiled, namely:

NP = 516194,5 + 16419.55RP + (–11583.06)GCG + (–6357.117)Earnings + 774.7078Capital+ e…. (1)

NP = 516194.5 + 16419.55RP + (–11583.06)GCG + (–6357.117)Earnings + 774.7078Capital + (–1168638.0)ISR+ e ….. (2)

NP = 516194.5 + 16419.55RP + (–11583.06)GCG + (–6357.117)Earnings + 774.7078Capital + (–168638.0)ISR + (–35241.32) RP*ISR + 1085.853 GCG*ISR + 14810.80 *Earnings**ISR – 1262.875 *Capital**ISR …..(3)

Coefficient of Determination Test (*Adjusted* R^2)

Table 5. Coefficient of Determination Test Results

Cross-section fixed (dummy variables)	
R-*squared*	0.836697
Adjusted R-squared	0.786996

Source: Eviews 9 (2022)

Based on table 4 above, regarding the results of the adjusted R^2 test, it shows a value of 0.786996, meaning that the risk profile, GCG, earnings, and capital variables can explain the dependent variables by 78% and other independent variables outside this study influence the remaining 22%.

F Test

Table 6. F Test Results

F-statistic	16.83465
Prob (F-statistic)	0.000000

Source: Eviews 9 (2022)

Based on table 5 above, it can be concluded that the Prob (F-statistic) value of 0.000000 means that the value is less than 0.05, so it can be said that simultaneously independent variables influence dependent variables.

T Statistic Test

Table 7. T Test Results

Variable	*Coefficient*	Std. *Error*	*t-Statistic*	Prob.
C	516194.5	73938.45	6.981408	0.0000
RP	16419.55	3733.993	4.397316	0.0000
GCG	-11583.06	24013.07	-0.482365	0.6311
Earnings	-6357.117	603.5197	-10.53340	0.0000
Capital	774.7078	1192,926	0.649418	0.5182
ISR	-1168638.0	169315.2	-6.902145	0.0000

Source: Eviews 9 (2022)

Based on table 6 above, the results of the statistical test t show the following values: The risk profile variable has an α value of 0.0000 < 0.05, which means significant. While the calculated value > t_{table} or 4.397316 > 1.98827 means, it has a positive influence. So the first hypothesis concludes that **H1 declined** Because the risk profile has a positive and significant effect on the company's value. The GCG variable has an α value of 0.6311 < 0.05, meaning it has no effect. While the calculated value < t_{table} or -0.482365 < 1.98827 means negative. So the conclusion of the second hypothesis, namely **H2, is declined** because GCG does not influence company value. The earnings variable has an α value of 0.0000 < 0.05 which means significant. While the weight of t_{count} < t_{table} or -10.53340 < 1.98827, which means negative. So the third hypothesis concludes that H3 is accepted Because earnings have a negative and significant effect on the company's value. The capital variable has an α value of 0.5182 < 0.05, meaning it has no effect. While the weight of t_{count} < t_{table} or 0.649418 < 1.98827, which means positive. So the fourth hypothesis concludes that **H4 is declined** Because capital has a positive and insignificant effect on the company's value.

***Moderated Regression Analysis Test* (MRA)**

Table 8. MRA Test Results

Variable	t-*Statistic*	Prob.
C	6.981408	0.0000
RP	4.397316	0.0000
GCG	-0.482365	0.6311
Earnings	-10.53340	0.0000
Capital	0.649418	0.5182
ISR	-6.902145	0.0000
RP*ISR	-3,315078	0.0015
GCG*ISR	0.022004	0.9825
*Earnings**ISR	9.494491	0.0000
*Capital**ISR	-0.442624	0.6594

Source: Eviews 9 (2022)

Based on table 7 above, the MRA test results show the following values: The effect of risk profile on the importance of companies with ISR moderation has an α value of 0.0015 < 0.05. If ISR can moderate the relationship between risk profile and company value, then **H5 is accepted**. The effect of GCG on company value with ISR moderation has an α value of 0.9825 > 0.05. This means that ISR is unable to moderate the relationship between GCG and company values, then **H6 is declined**. The effect of earnings on the company's deal with ISR moderation has an α value of 0.0000 < 0.05. If ISR can moderate the relationship between wages and company value, then **H7 is accepted**. The effect of capital on the value of the company with ISR moderation has an α value of 0.6594 > 0.05. This means that ISR cannot moderate the relationship between money and company value, then **H8 declined.**

4.2. Discussion

Effect of Risk Profile on Company Value

The results of this study show that the risk profile has a positive and significant effect on the value of the company, so **H1 declined**. The results of this study support previous research by Murni & Sabijono (2018), which states that the risk profile positively affects the company's value. However, the results of this study are contrary to the research Lestari &

Wirakusuma (2018). This means that an increase will follow the increasing value of the risk profile in the company's value. If the company has a high NPF value but is balanced with the ability to control risks properly, the company's value can still be maintained. Then the increase in the share price every year in Islamic banking shows that investors, before investing, do not mind the NPF ratio owned by a bank as long as the ratio has not exceeded the maximum limit (Murni & Sabijono, 2018).

The Effect of Good Corporate Governance (GCG) on Company Value

The results showed that Good Corporate Governance (GCG) does not affect company value, so **H2 declined**. The results of this study support previous research by Ulfa & Asyik (2018), Prakarsa *et al*. (2020), & Anisa & Suryandari (2021). But not in line with the research of Prabawati *et al*. (2021) & Nurjanah *et al*. (2017). GCG disclosures are already in a good ranking. However, these disclosures must be balanced with controlling internal or external problems in banks. If ignored, the bank's financial performance and customer trust will undoubtedly decrease, impacting the company's value (Anisa & Suryandari, 2021).

Effect of Earnings on Company Value

The results showed that earnings negatively and significantly affect the company's value, so **H3 is accepted**. The results of this study support previous research by Utami (2021). But not in line with the research Nurjanah *et al*. (2017). The results of this study show adverse effects in that if earnings decrease, the company's value will increase, and the existence of these earnings can provide a good signal for users of financial statements. Banking is said to be efficient if it can keep the earnings ratio to a minimum (Utami, 2021). Therefore, this information can make a good signal for potential investors and will be responded to as good news.

The Effect of Capital on Company Value

The results showed that capital does not affect the company's value, so **H4 declined**. The results of this study support the research of Anwar (2018), Liyas (2014) & Nurjanah *et al*. (2017). But contrary to research by Andari & Wiksuana (2017) & Lestari & Wirakusuma (2018). It is known that the average value of Islamic banking capital ownership of 24.42% means that banks can maintain the capital value by OJK regulations and far exceed the minimum capital determination limit of 8%. The bank's operational activities can run smoothly if supported by adequate capital because it can be used as a need for bank business development, preventing bankruptcy, or covering all asset risks. In addition, the obligation to maintain capital is also related to agency theory. (Lestari & Wirakusuma, 2018). Therefore, even though the ratio of money owned by the bank is high, if it is not balanced with practical investment activities and disbursement of funds, capital cannot significantly affect the value of the company (Anwar, 2018).

The Effect of Risk Profile on Company Value moderated by Islamic Social Reporting (ISR)

The study results prove that ISR can moderate the influence of risk profile on company value so that **H5 is accepted**. The risk profile ratio of some Islamic banks is in a high position. The existence of this information can make bad news for investors. However, this can be turned into good news when banks disclose ISR information because the information presented illustrates that Islamic sharia principles have carried out the company's activities. (Mahardikasari & Aryani, 2019).

The Effect of Good Corporate Governance (GCG) on Corporate Values moderated by Islamic Social Reporting (ISR)

The study results prove that ISR cannot moderate the influence of GCG on company values, so **H6 declined**. The results of this study support the research of Wiska *et al.*(2018) & Prastuti & Budiasih (2015). However, contrary to research by Widianingsih (2018) & (Rohmah, 2020). ISR cannot moderate the relationship between GCG and company value because ISR is a long-term nature of the company to remain sustainable in the future (Prastuti & Budiasih, 2015). So the perceived benefits of this ISR disclosure cannot be felt directly by investors. As for GCG disclosure information, for them, it is enough because this disclosure does not take a long time, so they can get information as a guide in making decisions quickly and precisely. Therefore, ISR cannot moderate or affect the relationship between GCG and company value.

The Effect of Earnings on Company Value moderated by Islamic Social Reporting (ISR)

The results showed that ISR could moderate the relationship between earnings and company value so that **H7 is accepted**. The results of this study support previous research by Wulandari & Wiksuana (2017) & Asari *et al*. (2021). However, contrary to the results of the study by Wiska *et al.* (2018). This ISR disclosure can strengthen the relationship between earnings and company value because part of the capital used for ISR disclosure comes from investors. So if the funds can be used for positive things in ISR disclosures, such as providing scholarships, empowering the poor, or distributing social assistance when there is a disaster, it can build a better image and attract more investors so that it has an impact on increasing profits. In addition, the disclosure can also be interpreted that the higher the ISR, the more it can improve shareholders' welfare through the profits generated (Susanti & Santoso, 2011). The relationship between ISR and earnings is said to give a positive signal if appropriately practiced. Because the higher the level of profitability, the greater the disclosure of social information as a corporate responsibility. The regulations implemented through the Regulation of the Minister of SOEs No. 4 of 2007 state that the funds used for the disclosure come from 2% of net profit. Therefore, the results of this study prove that the financial performance of banks is already in a good position so that although this disclosure is voluntary, the company's profit can be set aside for disclosure purposes (Setiawan *et al*., 2018).

The Effect of Capital on Company Value moderated by Islamic Social Reporting (ISR)

The results showed that ISR could not moderate the relationship between capital and company value, so **H8 declined**. The results of this study support previous research by Arum (2020). But contrary to the analysis of Sulistiyo & Yuliana (2019) & Hanifah (2019). The results of this study state that even though the company has revealed ISR, it still needs to strengthen the influence of the relationship between capital and company value. This research states that Islamic banking has been able to budget funds as capital adequacy of more than 8% by applicable regulations. This capital is considered more than enough to facilitate banking operations in achieving its goal of making a profit. The more money you have, the more it can increase the company's value. Therefore, the increase in company value can only be influenced by capital ownership, and the influence of ISR cannot strengthen the relationship between capital and company value because there are influences from other variables that can enhance the relationship between money and the value of the company. (Asari *et al*., 2021)

5. Conclusions and Suggestions

Based on the results of the research conducted, it can be concluded that it is known that it has a positive and significant influence, namely the Risk Profile. GCG does not influence company value. Earnings have a negative and powerful impact. Then capital is known not to affect the value of the company. In addition, ISR can moderate the influence of risk profiles and earnings on company value. Meanwhile, ISR cannot negotiate the impact of GCG and capital on company value.

This research still has many limitations on the sample needed considering that the existence of Islamic banking in Indonesia is still less than in other companies. Therefore this can be used as advice for subsequent researchers to add a sample of Islamic banking companies. In addition, the following researchers can also develop a variable risk profile in addition to NPF and use the ratio of the board of commissioners.

References

Anisa, H. V., & Suryandari, D. (2021). The Effect of NPL , GCG Self Assessment, ROA , and CAR on Firm Value (Empirical Study on Commercial Banks listed on the Indonesia Stock Exchange). *Accounting and Finance Studies*, *1*(2), 111–124. https://doi.org/10.47153/afs12.1352021

Anwar. (2018). KAJIAN KINERJA KEUANGAN DAN CORPORATE SOCIAL RESPONSIBILITY TERHADAP NILAI PERUSAHAAN PADA BANK YANG TERDAFTAR DI BURSA EFEK INDONESIA PERIODE 2011 – 2015. *Jurnal Penelitian Ipteks*, *3*(2), 128–138.

Aprilia, W., & Hapsari, N. (2021). PENGARUH TINGKAT KESEHATAN BANK MELALUI METODE RGEC TERHADAP NILAI PERUSAHAAN (STUDI KASUS PADA PERUSAHAAN PERBANKAN YANG TERDAFTAR DI BURSA EFEK INDONESIA PERIODE 2016-2020). *Jurnal Ilmiah Akuntansi Dan Keuangan*, *16*, 1–15.

Budiyono, Muhammad Tho'in, Dewi Muliasari, Serly Andini Restu Putri. (2021). An Analysis of Customer Satisfaction Levels in Islamic Banks Based on Marketing Mix as a Measurement Tool. *Annals of the Romanian Society for Cell Biology*, 2004–2012. Retrieved from https://www.annalsofrscb.ro/index.php/journal/article/view/318

Halimah, S. N., & Komariah, E. (2017). Pengaruh Roa, Car, Npl, Ldr, Bopo Terhadap Nilai Perusahaan Bank Umum. *JURNAL AKUNTANSI, EKONOMI Dan MANAJEMEN BISNIS*, *5*(1), 14. https://doi.org/10.30871/jaemb.v5i1.448

Iin Emy Prastiwi., Anik. 2020. The Impact of Credit Diversification on Credit Risk and Performance of Indonesian Banks. Jurnal GRIEB: Global Review of Islamic Economics and Business. Vol 8, No. 1, hlm 13-21

Indra Lila Kusuma, Maya Widyana Dewi, Muhammad Tho'in. (2021). Analysis of the Effect of Human Resources Competency, Utilization of Technological Information, and Internal Control Systems on the Value of Financial Reporting Information. *Annals of the Romanian Society for Cell Biology*, 14628–14638. Retrieved from http://annalsofrscb.ro/index.php/journal/article/view/4651

Lestari, D. M. G., & Wirakusuma, M. G. (2018). Pengaruh Metode RGEC (Risk Profile, Good Corporate Governance, Earnings, dan Capital) Pada Nilai Perusahaan. *E-Jurnal Akuntansi Universitas Udayana*, *Vol.24*, 2049–2072. https://doi.org/10.24843/EJA.2018.v24.i03.p15

L. M. S. Kristiyanti. (2021). The Implementation of Good Corporate Governance, Village Apparatus Performance, Organizational Culture, andIts Effects Against Village Fund Management Accountability (Case Study of Tulung District, Klaten Regency). *Annals of the Romanian Society for Cell Biology*, 1985–1996. Retrieved from http://www.annalsofrscb.ro/index.php/journal/article/view/316

Murni, S. ., & Sabijono, H. . (2018a). Peran Kinerja Keuangan Dalam Menentuan Nilai Perusahaan. *JMBI UNSRAT (Jurnal Ilmiah Manajemen Bisnis Dan Inovasi Universitas Sam Ratulangi).*, *5*(2), 96–107. https://doi.org/10.35794/jmbi.v5i2.20806

Paramartha, D. G. D. A., & Mustanda, I. K. (2017). ANALISIS PENILAIAN TINGKAT KESEHATAN BANK PADA PT. BANK CENTRAL ASIA .Tbk BERDASARKAN METODE RGEC. *E-Jurnal Manajemen Unud*, *6*(1), 32–59.

Prabawati, N. P. S., Pradnyani, N. D. A., & Suciwati, D. P. (2021). Pengaruh RGEC (Risk Profile, Good Corporate Governance, Earnings, dan Capital) terhadap Nilai Perusahaan (Studi Kasus Perusahaan Perbankan di BEI 2016-2018). *Jurnal Bisnis Dan Kewirausahaan*, *17*(1), 78–85. https://doi.org/10.31940/jbk.v17i1.2257

Prakarsa, R. B., Yadiati, W., & Suciati, N. R. H. (2020). Pengaruh Risk Profile, Good Corporate Governance, Earning, Capital terhadap Value of Firm di Bursa Efek Indonesia. *Jurnal Maksipreneur: Manajemen, Koperasi, Dan Entrepreneurship*, *9*(2), 137. https://doi.org/10.30588/jmp.v9i2.530

Prasojo, P. (2015). Pengaruh Penerapan Good Corporate Governance terhadap Kinerja Keuangan Bank Syariah. *Jurnal Dinamika Akuntansi Dan Bisnis*, *2*(1), 59–69. https://doi.org/10.24815/jdab.v2i1.3613

Ulfa, R., & Asyik, N. F. (2018). Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan Dengan Good Corporate Governance Sebagai Variabel Moderasi. *Jurnal Ilmu Dan Riset Akuntansi*, *7*(10). https://doi.org/10.25105/jipak.v6i2.4486

Wikan Budi Utami. (2021). Influence of Investment Decisions (PER), Policy of Dividend (DPR) and Interest Rate against Firm Value (PBV) at a Registered Manufacturing Company on Indonesia Stock Exchange in 2015-2018. *Annals of the Romanian Society for Cell Biology*, 1972–1984. Retrieved from http://www.annalsofrscb.ro/index.php/journal/article/view/315

https://www.cnbcindonesia.com/syariah/20180824190633-29-30146/turun-ke-38-npf-bank-syariah-terendah-sejak-mei-2014