

## THE INFLUENCE OF COMPANY CHARACTERISTICS AND THE SIZE OF THE SHARIA SUPERVISORY BOARD ON ISLAMIC SOCIAL REPORTING

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### Abstrak

This study aims to determine the effect of profitability, company size, company age, and the size of the Sharia Supervisory Board on Islamic Social Reporting (ISR). This research is motivated by the importance of transparency and accountability in social reporting in accordance with Sharia principles within Islamic financial institutions, and by differences in previous research results. This study sample used Islamic commercial banks in Indonesia registered with the Financial Services Authority (OJK) for the 2020-2024 period. The population consisted of 14 companies, resulting in 62 unbalanced data sets. The data analysis technique used was panel data regression in EViews 13. The results of this study indicate that profitability, company size, and company age do not significantly influence Islamic Social Reporting (ISR). Meanwhile, the size of the Sharia Supervisory Board has a significant positive effect on Islamic Social Reporting (ISR).

**Keywords:** ISR, Company Characteristics, SSB Size

### INTRODUCTION

In Islamic teachings, social responsibility is not merely a moral choice but an obligation for every company operating under Islamic principles (Hussain et al., 2020). Islam teaches a balance between economic profit and fulfilling social responsibilities as a form of obedience to Allah SWT and concern for society (Hussain et al., 2020). In the modern business context, implementing social responsibility also enhances reputation, builds public trust, and supports long-term business sustainability (Puspawati et al., 2020).

Corporate Social Responsibility (CSR) is a company's responsibility and accountability for economic, social, and environmental aspects. In the current business landscape, where many companies are Sharia-compliant, the concept of CSR has been developed into Islamic Social Reporting (ISR), which not only covers economic, social, and environmental aspects but also emphasizes compliance with Sharia principles (Millenia & Hasan, 2020). Currently, ISR is not yet a company obligation. However, it plays a crucial role as a manifestation of corporate accountability and transparency to stakeholders (Mustofa et al., 2023). Furthermore, ISR demonstrates a company's commitment to Sharia principles, thereby increasing stakeholder trust and strengthening social legitimacy. Transparency through ISR is a crucial component in building a positive corporate image and sustainably enhancing its reputation and competitiveness (Ningsi, 2021).

In the Islamic financial system, Islamic banks play a strategic role in realizing these social values (Riduwan et al., 2020). As financial institutions based on Sharia principles, Islamic banks focus not only on achieving profits but also on distributing social benefits to stakeholders (Mustofa et al., 2023). One instrument for achieving this is Islamic social

reporting (ISR), a form of social responsibility disclosure based on Islam. Islamic social reporting provides stakeholders with information on the extent to which a company carries out social, environmental, and economic activities in accordance with Islamic requirements (Meutia et al., 2019).

However, in practice, ISR disclosure has not been fully implemented (Muhson & Aisyiah, 2024). This is evident in several previous studies that used the same ISR indicators as this study, as shown in the following table.

**Table 1. Percentage of ISR Using the Same Index**

NO	Researcher	ISR Percentage	Sample	Category
1	Luqyana & Zunaidi, (2021)	56.8%	12	as less informative
2	Riduwan et al. (2020)	62%	11	as less informative

Based on the study conducted by Abadi et al. (2020), the percentage of Islamic Social Reporting (ISR) disclosure is classified into four categories: 81%–100% as highly informative, 66%–80% as informative, 51%–65% as less informative, and 0%–50% as not informative. As shown in the ISR percentage table above, the ISR disclosure percentages of Islamic banks in Indonesia range from 56.8% to 62%, which falls within the less informative category. These figures indicate that ISR disclosure practices among Islamic banks in Indonesia have not yet been reported comprehensively and have not reached the maximum disclosure level of 100% (Muhson & Aisyiah, 2024). This finding indicates a gap between the ideal of Sharia-based social reporting and the actual practices implemented by Islamic banks in Indonesia. The differences in previous research results indicate that there are still inconsistencies in the factors influencing ISR. This study attempts to explain this phenomenon using four variables: profitability, company size, company age, and the size of the Sharia supervisory board.

A company's profitability reflects its ability to generate profits to fund social activities and encourage ISR reporting (Hussain et al., 2020). Theoretically, companies with high profitability tend to be better able to report all Islamic-based social activities (Mustofa et al., 2023). In the Islamic perspective, companies with high profits are expected to be responsible for their operations in accordance with sharia principles (Puspawati et al., 2020). Research by Mustofa et al. (2023); Hussain et al. (2020), and Kusumasari et al. (2023) showed positive results, indicating that higher profitability is associated with higher ISR. However, different results were found by Arianugrahini & Firmansyah (2020); Haryono (2022); Puspawati et al. (2020), and Ramadhanti et al. (2022), who found that profitability had no significant effect on ISR.

Firm size, as measured by a company's total assets, is another factor that may influence Islamic Social Reporting (ISR). Companies with larger asset bases generally possess greater resources, enabling them to better fulfill their Islamic social responsibilities and support more comprehensive ISR disclosure (Luqyana & Zunaidi, 2021). Large companies tend to face greater public pressure for transparency and accountability, thereby encouraging greater ISR reporting (Hussain et al., 2020). Due to the large total assets and resources, this further encourages companies to report accountability by implementing Sharia values to stakeholders (Puspawati et al., 2020). Research by Hussain et al. (2020); Arianugrahini & Firmansyah (2020); Haryono (2022); Mustofa et al. (2023); Puspawati et al. (2020) and Ramadhanti et al. (2022) shows that larger companies have

higher levels of ISR. However, Prasetyoningrum (2018) and Sukardi et al. (2022), which showed that company size had no effect on ISR.

Another determinant of the level of Islamic Social Reporting (ISR) disclosure is firm age, which reflects the extent of organizational experience and the length of time a company has been in operation (Luqyana & Zunaidi, 2021). Companies that have been operating for longer typically have mature and stable reporting systems, allowing them to report on Islamic-based social activities (Haryono, 2022). Companies with greater maturity assess each year's shortcomings, thus encouraging comprehensive reporting disclosure (Hussain et al., 2020). Research by Hussain et al. (2020) and Haryono (2022) shows that company age has a positive effect on ISR because the longer a company has been operating, the greater its social responsibility and public pressure, which encourages companies to fully report on Islamic-based social responsibilities. However, found that company age does not always affect the level of ISR because stakeholder concern factors vary.

The Sharia Supervisory Board is another important determinant of Islamic Social Reporting (ISR), as it oversees and ensures the company's compliance with Sharia principles (Fikri et al., 2022). Through its supervisory function, the board helps promote transparency and accountability in the implementation and disclosure of Islamic-based social responsibilities (Meutia et al., 2019). Therefore, a larger number of Sharia Supervisory Board members is expected to increase compliance with Sharia principles and encourage comprehensive ISR reporting (Meutia et al., 2019). Research by Fikri et al. (2022) and Meutia et al. (2019) shows positive results, indicating that the larger the number of Sharia Supervisory Board members, the higher the ISR. However, Puspawati et al. (2020) and Setiawan (2020) show different results, indicating that the size of the Sharia Supervisory Board has no significant effect on ISR.

This study uses the Islamic social reporting (ISR) index developed by Hussain et al. (2020), given that it is rarely used compared to the more common index Othman et al. (2009) used in previous studies. Furthermore, this study adds the variable of sharia supervisory board size, which is relatively unused compared to other variables such as profitability, company size, and company age, as studied by, among others, Fikri et al. (2022); Meutia et al. (2019); Puspawati et al. (2020), and Setiawan (2020). Therefore, this study is interesting for further examination of the relationships among profitability, company size, company age, sharia supervisory board size, and ISR in Islamic commercial banks in Indonesia.

This study extends Hussain et al., (2020), by replacing the Indonesian-adapted board size variable with the size of the sharia supervisory board and removing the board composition variable, as previous research has shown it to have a significant effect on ISR. Given these differences, this study aims to re-examine the relationship between profitability, company size, company age, and the size of the sharia supervisory board on Islamic social reporting (ISR) in Islamic commercial banks in Indonesia for the 2020-2024 period, with a sample size of 14 companies registered with the Financial Services Authority (OJK) with unbalanced data characteristics.

## **Theoretical Review**

### **Shariah Enterprise Theory (SET)**

Shariah Enterprise Theory (SET) is an Islamic accounting theory grounded in the principle of *tawhid*, which holds that ultimate ownership belongs solely to Allah SWT (Triyuwono, 2003). Shariah Enterprise Theory serves as a philosophical and ethical

foundation, emphasizing that all economic activities constitute acts of worship (*ibadah*) and a form of trust (*amanah*) (Makatita et al., 2024), where humans act as trustees who are entrusted with the responsibility to manage funds and utilize resources in accordance with divine provisions and will (Triyuwono, 2003). Since Shariah-compliant enterprises are not solely profit-oriented but also bear a responsibility to report on operational activities, this responsibility must be manifested through the disclosure of social information in accordance with Shariah principles through Islamic Social Reporting (Avianty et al., 2024). Islamic Social Reporting is a social reporting instrument that reflects the extent to which Shariah business entities implement the principles of SET in practice and is also used to measure the extent to which corporate social responsibility has been carried out in accordance with Shariah principles (Makatita et al., 2024).

### **The Effect of Profitability on Islamic Social Reporting**

Every company has a primary objective in conducting its business, which is to maximize profit (Kusumasari et al., 2023). However, from the perspective of Shariah Enterprise Theory (SET), profit is not solely oriented toward shareholders but also toward the welfare of the ummah (Puspawati et al., 2020). Therefore, the level of profitability not only reflects the company's economic success but also represents a trust (*amanah*) that requires greater social accountability to stakeholders (Puspawati et al., 2020). This accountability is manifested through increased disclosure of Islamic Social Reporting (ISR) as evidence that the company has managed the wealth it obtains in accordance with Shariah principles (Hussain et al., 2020). Companies with higher profitability tend to be better able to provide more comprehensive information than those with lower profitability, which generally disclose more limited or less detailed information (Hussain et al., 2020).

This argument is further supported by studies conducted by Mustofa et al. (2023) and Ernayani (2022), which state that companies with high profitability tend to disclose more comprehensive information in their financial reports, thereby increasing the level of Islamic Social Reporting (ISR) disclosure. Conversely, when profitability is low, the information disclosed is generally less comprehensive (Ernayani, 2022). However, several previous studies found that profitability does not significantly affect Islamic social reporting (ISR) as companies may disclose ISR as a form of compliance with sharia principles regardless of their profit levels. This indicates that financial performance alone (Ramadhanti et al. 2022). Based on the supporting evidence above, a hypothesis can be formulated as follows:

**H1: Profitability has a positive effect on Islamic Social Reporting (ISR).**

### **The Effect of Firm Size on Islamic Social Reporting**

Firm size can be measured by total assets (Hussain et al., 2020). A larger firm size reflects greater resource capacity; with more substantial resources, companies are better able to fulfill their environmental and social responsibilities and uphold the trust (*amanah*) in Islamic Social Reporting (Ramadhanti et al., 2022). Companies with larger assets tend to be more inclined to increase information disclosure, as the greater the scale of the company, the greater its impact on the environment and the surrounding community in its operational areas (Puspawati et al., 2020). From the perspective of Shariah Enterprise Theory, firm size reflects the broader scope of trust that must be managed and accounted for, thereby requiring companies to demonstrate higher levels of accountability by providing transparent and comprehensive information to stakeholders (Hussain et al., 2020). This condition places

companies under greater public scrutiny and exposes them to increased social accountability pressures from stakeholders regarding the disclosure of social and environmental information (ISR) that has been carried out (Mustofa et al., 2023).

This argument is further supported by previous studies by Haryono (2022) and Febrianti & Fithria (2023), which state that the larger the company, the more comprehensive the level of Islamic Social Reporting (ISR) disclosure, driven by greater stakeholder pressure. Conversely, smaller companies tend to have less comprehensive ISR disclosure. On the other hand, several previous studies suggest that firm size does not always influence ISR disclosure. Large companies may prioritize operational efficiency and financial performance rather than expanding Shariah-based social disclosure. Therefore, company size may not necessarily determine the extent of ISR disclosure (Sukardi et al. 2022). Based on the supporting evidence above, a hypothesis can be formulated as follows:

**H2: Firm Size has a positive effect on Islamic Social Reporting (ISR).**

### **The Effect of Firm Age on Islamic Social Reporting**

Firm age reflects the level of organizational maturity gained from operational experience in managing and presenting information to stakeholders (Haryono, 2022). A more mature company tends to be more professional in collecting, managing, and providing the information required by stakeholders, supported by the experience it has acquired over time (Hussain et al., 2020). From the perspective of Shariah Enterprise Theory, companies that have operated for a longer period tend to have stronger governance systems, which, in turn, encourage them to enhance Shariah-based accountability to stakeholders. This indicates that firm age can improve accountability and transparency, as well as enhance the quality of reporting Shariah values in reporting practices (Putri & Latrini, 2018).

This argument is further supported by previous research by Luqyana & Zunaidi, (2021), which states that companies with a longer operational history tend to be more professional in providing information to stakeholders and better understand stakeholders' needs, compared to newly established companies whose disclosures tend to be less comprehensive. However, previous studies also show that company age does not always affect ISR disclosure. Older companies may maintain stable reporting practices without significantly improving the quality of ISR disclosures over time (Mustofa et al., 2023). Based on the supporting evidence above, a hypothesis can be formulated as follows:

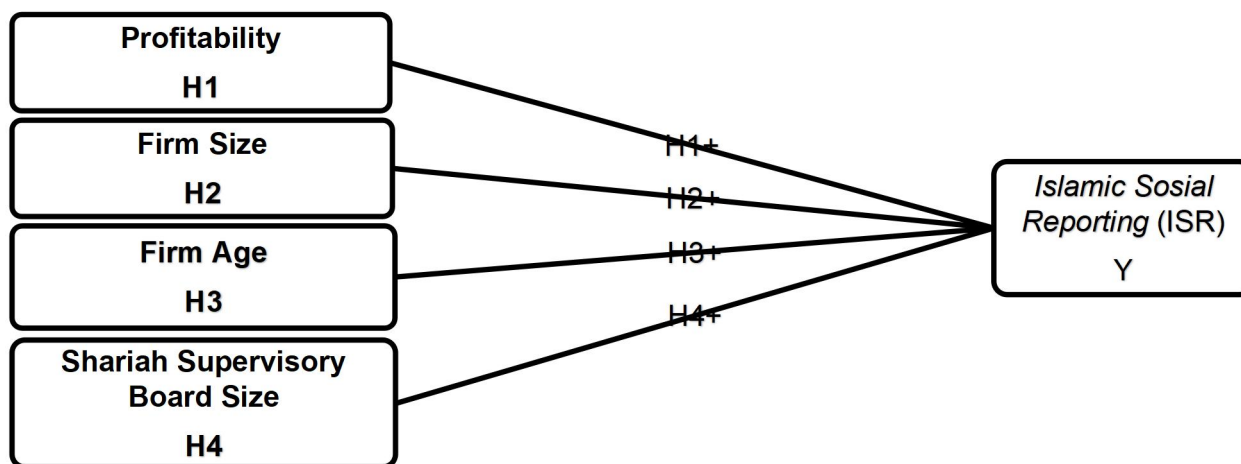
**H3: Firm Age has a positive effect on Islamic Social Reporting (ISR).**

### **The Effect of Shariah Supervisory Board Size on Islamic Social Reporting**

The Shariah Supervisory Board is a body that must be established by Shariah-based companies to oversee and provide guidance on all business activities, ensuring compliance with Shariah principles (Meutia et al., 2019). From the perspective of Shariah Enterprise Theory, the Shariah Supervisory Board acts as a guardian of trust (*amanah*), ensuring that all company activities are conducted in accordance with Shariah principles and promoting transparency and accountability to stakeholders (Avianty et al., 2024). A larger Shariah Supervisory Board size is associated with higher levels of reporting, accountability, Islamic Social Reporting (ISR), and compliance with Shariah principles (Fikri et al., 2022). This argument is further supported by previous research by Meutia et al. (2019), which shows that larger Shariah Supervisory Board sizes are associated with higher compliance with Shariah principles. Nevertheless, some studies argue that the number of members of the

Sharia Supervisory Board does not always guarantee effective supervision. The effectiveness of supervision may be more influenced by the competence and commitment of the members of the Sharia supervisory board rather than just the number of its members (Puspawati et al. 2020) . Based on the supporting evidence above, a hypothesis can be formulated as follows:

**H4: The Size of Shariah Supervisory Board has a positive effect on Islamic Social Reporting (ISR).**



**Figure 1. Conceptual Framework**

### Research Methodology

This study employs a quantitative research design. Quantitative research is a type of research that aims to generate new findings through the application of statistical procedures or other methods involving quantitative measurement (Ali et al., 2022) . This approach focuses on phenomena that possess specific characteristics in human life, commonly referred to as variables (Ali et al., 2022) . The relationships among these variables are then analyzed using statistical testing tools and objective theoretical frameworks (Ali et al., 2022) . This study utilizes secondary data as the primary source of data, where secondary data refers to data obtained from prior collections conducted by other parties, either individuals or institutions, which have been previously published or documented and are subsequently processed for new research purposes (Smith et al., 2011).

This study aims to examine the effect of profitability, firm size, firm age, and the size of the Shariah Supervisory Board on Islamic Social Reporting (ISR). In this study, secondary data were obtained from audited annual reports of the companies. The research population consists of 14 Islamic commercial banks in Indonesia registered with the Financial Services Authority (OJK) during the 2020–2024 period, with a sample size of 14. The sampling technique used is purposive sampling, which is a method of selecting samples based on specific criteria relevant to the research (Syahroni et al., 2022) . Data collection was conducted using the documentation method by reviewing the annual reports of Islamic commercial banks in Indonesia included in the sample during the 2020–2024 period, complemented by supporting sources such as journals, articles, and previous studies to strengthen the analysis. Based on the predetermined criteria, a total of 14 companies were selected as the research sample, with data that are unbalanced because not all companies had complete data during the observation period. These include:

**Table 2. Sample of Companies**

No	Company Name
1	Aceh Syariah Bank
2	Muamalat Indonesia Bank
3	Aladin Syariah Bank
4	BCA Syariah Bank
5	BJB Syariah Bank
6	KB Bukopin Syariah Bank
7	Mega Syariah Bank
8	NTB Syariah Bank
9	Panin Dubai Syariah Bank
10	Victoria Syariah Bank
11	Riau Kepri Syariah Bank
12	BTPN Syariah Bank
13	Syariah Indonesia Bank
14	Nano Syariah Bank

From the 14 samples, a total of 62 observations were obtained, and the data analysis employed panel data regression in EViews 13.

### Islamic Social Reporting (ISR) (Y)

Islamic Social Reporting (ISR) is an Islamic reporting framework that encompasses a company's economic, moral, and spiritual responsibilities, grounded in Shariah principles (Hussain et al., 2020). In analyzing the percentage of ISR disclosure in the annual reports of Islamic commercial banks in Indonesia included in the sample, the indicators used to measure ISR are based on the study by Hussain et al., (2020). The ISR index is assessed using a scoring system ranging from 0 to 1, where:

1. A score of 0 is assigned if there is no disclosure related to the item.
2. A score of 1 is assigned if there is disclosure related to the item.

If all items are disclosed, the maximum score is 31 (Hussain et al., 2020). The calculation of the ISR disclosure index is formulated as follows:

$$ISR = \frac{\text{Number of Fulfilled Scores}}{\text{Maximum Score}} \times 100\%$$

### Profitability (X1)

Profitability refers to a company's ability to generate profit or earnings. In this study, profitability is measured using Return on Assets (ROA). ROA measures the extent to which

a company can generate profit by maximizing the utilization of its total assets (Luqyana & Zunaidi, 2021). The ROA is formulated as follows:

$$ROA = \frac{\text{Net Income}}{\text{Total Assets}} \times 100\%$$

### Firm Size (X2)

Firm size refers to the scale of the company being studied and is measured by total assets. To ensure consistency between the total asset variable and other variables in the dataset, total assets are transformed into their natural logarithm (ln) form (Luqyana & Zunaidi, 2021). The formula is expressed as follows:

$$\text{Firm Size} = \ln(\text{total asset})$$

### Firm Age (X3)

The expectations of investors and stakeholders are more easily understood by companies with a longer operational history. Companies that have been established for a longer period are generally more committed to maintaining stability and reputation. One effort to maintain and improve performance is the disclosure of corporate social responsibility information through Islamic Social Reporting (ISR). In this study, firm age is measured from the year the company was established until the completion of the research period (Haryono, 2022).

$$\text{Firm Age} = \text{Research Period} - \text{Years Registered in Islamic Commercial Banks}$$

### Shariah Supervisory Board Size (X4)

Shariah Supervisory Board size refers to the number of members serving on a company's Shariah Supervisory Board (SSB). This number is generally determined based on the information presented in the company's annual report. A larger SSB size is expected to enhance the effectiveness of supervision over the company's operations, particularly in ensuring that all business activities are conducted in accordance with Shariah principles, including the disclosure of social and environmental information through Islamic Social Reporting (ISR) (Fikri et al., 2022).

$$\text{SSB Size} = \text{Number of Shariah Supervisory Board Members}$$

### Data Analysis Technique

This study employs panel data regression analysis as the analytical method. According to Ghazali & Ratmono, (2017), panel data regression models are used to measure the strength of the relationship between two or more independent variables and a dependent variable, and to determine the direction of these relationships, using EViews 13. The regression equation used in this study is as follows:

$$ISR = \beta_0 + \beta_1 \text{PROF} + \beta_2 \text{SIZE} + \beta_3 \text{AGE} + \beta_4 \text{SSB} + \epsilon$$

Description:

ISR = Islamic Social Reporting

$\beta_0$  = Constant

$\beta_1$ - $\beta_4$  = Regression Coefficient

PROF = Profitability

SIZE = Firm Size

AGE = Firm Age

SSB = Sharia Supervisory Board Size  
 € = Error

### Results and Discussion

Descriptive statistical analysis provides an overview of the characteristics of each variable in the study. The following table presents the descriptive statistics. At the initial stage of analysis, the research model failed to meet the required classical assumption tests. This condition was suspected to be caused by outliers that could affect data distribution and interfere with estimation results. According to Osborne & Overbay, (2004), outliers can distort statistical analysis results and therefore require appropriate treatment. The presence of outliers in a study may bias and destabilize regression estimates, leading to biased and unstable coefficients. Therefore, outlier data that do not represent the population may be adjusted or removed in order to obtain a more accurate and valid model (Gujarati & Porter, 2012). As a result, of the 62 observations, 2 outlier data points were removed, leaving 60 for this study.

**Table 3. Descriptive Statistics**

	ISR	ROA	LN_SIZE	AGE	SSB
Mean	0.703763	0.008061	28.67995	11.86667	2.250000
Median	0.709677	0.008747	29.93998	12.00000	2.000000
Maximum	0.774194	0.084093	33.49926	33.00000	4.000000
Minimum	0.612903	-0.066545	22.90756	1.00000	2.000000
Std. Dev.	0.049153	0.024975	3.011693	7.810177	0.540715
Skewness	-0.296115	-0.070559	-0.827764	0.932000	2.067728
Kurtosis	2.399310	6.278838	2.362995	3.805231	6.285444
Jarque-Bera	1.778908	26.92673	7.866372	10.30723	69.74035
Probability	0.410880	0.000001	0.019581	0.005778	0.000000
Sum	42.22581	0.483680	1720.797	712.0000	135.0000
Sum Sq. Dev.	0.142542	0.036802	535.1473	3598.933	17.25000
Observations	60	60	60	60	60

Based on Table 3, which presents the descriptive statistics after outlier removal, the mean value of Islamic Social Reporting (ISR) disclosure is 0.703763, with a maximum of 0.774194 and a minimum of 0.612903. This indicates that the average ISR disclosure level was approximately 70%, placing it in the informative category, while the highest and lowest disclosure levels were approximately 77% and 61%, respectively. These findings suggest that the level of ISR disclosure among Islamic commercial banks in Indonesia has not yet reached its maximum level. This condition indicates that companies have disclosed most ISR indicators; however, several aspects have not been reported comprehensively.

Furthermore, the average profitability (ROA) was 0.008061, with a maximum value of 0.084093 and a minimum value of -0.066545. In percentage terms, the average ROA was 0.80%, while the highest and lowest values were 8.40% and -6.65%, respectively. These results indicate that the companies' profitability was relatively low. This finding reflects that not all companies achieved strong financial performance during the observation period.

Form On the other hand, firm size, as indicated by LN\_SIZE, has an average of 28.67995, with a maximum of 33.49926 and a minimum of 22.90756, indicating that most of the samples in this study are large-scale companies. Meanwhile, the average firm age in this study is 11.86 years, indicating that the companies have been operating for a considerable period and possess substantial experience in conducting business activities. However, the size of the Shariah Supervisory Board (SSB) averages 2.25 members, with the highest being 4 and the lowest 2. This indicates that most companies have a relatively limited number of SSB members.

**Table 4. Chow Test Results**

Effects Test	Statistic	d.f.	Prob.
Cross-section F	54.198607	(13.42)	0.0000
Cross-section Chi-square	172.670142	13	0.0000

The Chow test results show that the p-value for the F-statistic is  $0.0000 < 0.05$ . Based on these results, the Fixed Effect Model (FEM) was selected as the appropriate model, and the Hausman test was subsequently conducted.

**Table 5. Hausman Test Results**

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	2.738796	4	0.6024

Based on the results of the Hausman test analysis, the probability value of the F-statistic is  $0.6024 > 0.05$ . These results indicate that the Random Effect Model (REM) was selected as the appropriate model; therefore, the analysis was continued with the Lagrange Multiplier test.

**Table 6. Lagrange Multiplier Test Results**

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	106.0632 (0.0000)	1.182549 (0.2768)	107.2457 (0.0000)
Honda	10.29870 (0.0000)	-1.087451 (0.8616)	6.513335 (0.0000)
King-Wu	10.29870 (0.0000)	-1.087451 (0.8616)	4.164267 (0.0000)
Standardized Honda	12.65947 (0.0000)	-0.899395 (0.8158)	4.693528 (0.0000)

Standardized King-Wu	12.65947 (0.0000)	-0.899395 (0.8158)	2.157205 (0.0155)
Gourieroux, et al.	--	--	106.0632 (0.0000)

The results of the Lagrange Multiplier test show that the F-statistic is  $0.0000 < 0.05$ , indicating that the Random Effect Model (REM) was selected as the appropriate model. Therefore, this study uses the Random Effect Model (REM) as the best estimation model.

**Table 7. Panel Regression Results**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.566326	0.119720	4.730441	0.0000
ROA	-0.060323	0.113316	-0.532341	0.5966
LN_SIZE	0.000670	0.004111	0.162950	0.8712
USIA	0.001461	0.000932	1.566978	0.1229
UDPS	0.046590	0.007143	6.522921	0.0000

Effects Specification		S.D.	Rho
Cross-section random		0.048503	0.9473
Idiosyncratic random		0.011439	0.0527

Weighted Statistics			
R-squared	0.480887	Mean dependent var	0.078583
Adjusted R-squared	0.443133	S.D. dependent var	0.020667
S.E. of regression	0.011162	Sum squared resid	0.006852
F-statistic	12.73747	Durbin-Watson stat	1.653637
Prob(F-statistic)	0.000000		

The R-squared value is 0.443133, indicating that the independent variables explain 44% of the dependent variable, with the remaining 56% explained by variables outside the scope of this study. The F-test shows a p-value of  $0.0000 < 0.05$ , indicating that all independent variables simultaneously affect the dependent variable.

### The Effect of Profitability on Islamic Social Reporting

Based on the results of the t-test (partial test) for the profitability variable, the coefficient is -0.060323, and the p-value is  $0.5966 > 0.05$ . Therefore, the profitability variable has no effect on Islamic Social Reporting (ISR), thereby rejecting H1. These findings do not support the Shariah Enterprise Theory, which holds that profit should encourage disclosure of social responsibility (Hussain et al., 2020). However, these findings indicate that actual practices have not fully reflected this concept. This suggests that ISR disclosure is not solely

driven by a company's financial capability but is also influenced by the company's commitment and the objectives it seeks to achieve. Furthermore, stakeholder expectations encourage companies to maintain ISR disclosure regardless of their level of profitability. Consequently, companies are expected to fulfill their social and ethical responsibilities in accordance with Islamic principles, irrespective of their financial performance. The results of this study are consistent with previous studies by Arianugrahini & Firmansyah (2020) ; Haryono (2022) ; Puspawati et al. (2020) and Ramadhanti et al. (2022) , which found that profitability does not have a significant effect on ISR. However, these findings contradict the studies conducted by Mustofa et al. (2023) ; Hussain et al. (2020) , and Kusumasari et al. (2023).

### **The Effect of Firm Size on Islamic Social Reporting**

Based on the results of the t-test (partial test) for the firm size variable, the coefficient is 0.000670, and the p-value is  $0.8712 > 0.05$ . Therefore, the firm size variable has no effect on Islamic Social Reporting (ISR), thereby rejecting H2. From the perspective of Shariah Enterprise Theory, larger companies are expected to disclose more ISR because they possess greater resources and social responsibilities (Puspawati et al., 2020). However, the findings of this study indicate that firm size does not have a significant effect on Islamic Social Reporting (ISR). This suggests that a larger asset base is not necessarily allocated to social activities or efforts to improve the quality of ISR disclosure. Instead, company assets may primarily be used to support operational activities and business expansion. Consequently, an increase in total assets does not automatically lead to greater ISR disclosure. The findings of this study are consistent with previous studies by Prasetyoningrum, (2018) and Sukardi et al. (2022), which found that firm size does not have a significant effect on ISR. However, these findings contradict the studies conducted by Hussain et al. (2020); Arianugrahini & Firmansyah (2020); Haryono (2022); Mustofa et al. (2023); Puspawati et al. (2020) and Ramadhanti et al. (2022).

### **The Effect of Firm Age on Islamic Social Reporting**

Based on the results of the t-test (partial test) for the firm age variable, the coefficient is 0.001461, and the p-value is  $0.1229 > 0.05$ . Therefore, the firm age variable has no effect on Islamic Social Reporting (ISR), thereby rejecting H3. From the perspective of Shariah Enterprise Theory, the longer a company has been operating, the greater its awareness in carrying out Shariah-based social responsibilities (Hussain et al., 2020). Nevertheless, the findings of this study reveal that firm age has no significant influence on Islamic Social Reporting (ISR). This suggests that the organizational experience accumulated over time may be directed more toward enhancing business efficiency and operational effectiveness rather than expanding social disclosure practices. In addition, both mature and newly established firms are subject to the same regulatory requirements and reporting standards, which may reduce the relevance of firm age as a key factor influencing the extent of ISR disclosure. The results of this study are consistent with those of Mustofa et al. (2023). who state that firm age does not have a significant effect on ISR. However, these findings contradict those of Hussain et al. (2020) and Haryono (2022).

### **The Effect of Shariah Supervisory Board Size on Islamic Social Reporting**

Based on the results of the t-test (partial test) for the Shariah Supervisory Board size variable, the coefficient is 0.046590, and the probability value is  $0.0000 < 0.05$ . Therefore, the Shariah Supervisory Board size variable has a significant effect on Islamic Social Reporting (ISR), thereby supporting H4. From the perspective of Shariah Enterprise Theory, the Shariah Supervisory Board plays an important role as a guardian of *amanah* in ensuring that all company activities are aligned with Shariah principles (Meutia et al., 2019). The larger the Shariah Supervisory Board, the more effective its supervisory function becomes, thereby encouraging greater transparency and accountability in the disclosure of Shariah-based social responsibility.

The results of this study indicate that the size of the Shariah Supervisory Board has a positive and significant effect on ISR, suggesting that Shariah-based governance mechanisms are an important factor in encouraging companies to report on Shariah-based social responsibility. The findings of this study are consistent with those of previous studies by Fikri et al. (2022) and Meutia et al. (2019), which state that the larger the size of the Shariah Supervisory Board, the higher the level of ISR disclosure. However, these findings contradict those of Puspawati et al. (2020) and Setiawan (2020), who found that Shariah Supervisory Board does not have a significant effect on ISR.

## Conclusion

Based on the analysis and discussion, this study shows that Islamic Social Reporting (ISR) in Indonesian Islamic commercial banks is not influenced by company characteristics such as profitability, firm size, and firm age. This finding indicates that a company's economic capacity and experience have not become the main factors driving the implementation of ISR. In contrast, the size of the Shariah Supervisory Board has been shown to have a positive, significant effect on ISR. These findings confirm that Shariah supervisory mechanisms play an important role in encouraging transparency and accountability in Shariah-based social reporting. From the perspective of Shariah Enterprise Theory, the results of this study indicate that the implementation of corporate social responsibility is more closely associated with the effectiveness of *amanah* and Shariah supervision than with financial factors or company characteristics.

Nevertheless, this study has limitations in terms of sample size, with only 14 Islamic commercial banks included, which may not fully represent the overall condition. In addition, the observation period is relatively short, covering only 2020–2024, and may therefore not fully reflect long-term conditions. Therefore, future studies are recommended to expand the sample size by including not only Islamic commercial banks but also other industrial sectors, so that the findings better reflect overall conditions. Furthermore, the research period may be extended to obtain a more comprehensive understanding of the long-term development of ISR.

The findings from this study provide important implications for regulators and Islamic banking institutions. Regulators are encouraged to strengthen policies on the disclosure of Sharia-compliant social responsibility by Islamic banks. In addition, Islamic banks are expected to enhance transparency and accountability through more comprehensive Islamic Social Reporting (ISR) practices. These findings also highlight the importance of strengthening the Sharia Supervisory Board's (SSB) role in ensuring compliance with Sharia principles and promoting broader ISR disclosure.

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