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Analysis of the Influence of Islamic Social Reporting Disclosure on the Growth of Islamic Banks (Study of Sharia Commercial Bank 2017-2021 Period)

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ABSTRACT

This study aims to empirically examine the effect of Islamic Social Reporting on the Growth of Islamic Banking, namely Islamic Commercial Banks for the 2017-2021 period. This study uses a quantitative approach. The type of variable data is secondary data, namely data obtained from the annual financial report published on the official website of each bank for the period 2017-2021. The analytical method used is the panel data regression method. The data analysis techniques used in this study include Descriptive Statistical Analysis, Model Selection (FEM, CEM REM, Chow Test, Hausman Test, and Lagrange Multiplier Test). Classical Assumption Test consists of the Normality Test, Multicollinearity Test, Autocorrelation Test, and Heteroscedasticity Test, Test The hypothesis consists of the T-Test, F Test, Coefficient of Determination, and Multiple Linear Regression Test with the help of the Eviews 10.0 application. The results of this study indicate that partially (t-test) the firm size variable has a significant positive effect on Islamic Social Reporting. Partially, the profitability variable has a significant positive effect on Islamic Social Reporting. Partially, leverage has a significant positive effect on Islamic Social Reporting. Simultaneously (F test) the variables of firm size, profitability, and leverage have a significant effect on the disclosure of Islamic Social Reporting.

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INTRODUCTION

Currently, Islamic banks are part of the community environment, so it is important to participate in protecting the social and environmental aspects of these Islamic banks. The development of this concept is known as Corporate Social Reporting (CSR). According to (Yeriko Putra Widenta, 2011) Corporate Social Reporting (CSR) is an approach taken by a company in applying its social care to business activities and interactions based on the principles of volunteerism and partnership with stakeholders, as well as creating a good perception in the field of the economic and social environment.

The development of CSR disclosure standards for Islamic banking is based on Islamic principles and adapted to the provisions provided by AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions), this standard is known as Islamic Social Reporting (Khasanah and Yulianto, 2015).

The concept of disclosing when ISR emphasizes that companies must develop business practices that are ethical and sustainable, socially economically, and environmentally by sharia principles (Bayu Tri Cahya,

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2021). Islamic Social Reporting (ISR) is a disclosure standard based on Islamic provisions with its main focus on social performance by companies in several aspects, such as spiritual, moral, and material aspects.

The first time ISR disclosure was discovered by Haniffa (R. Haniffa, 2002) in his research entitled Social Reporting Disclosure: An Islamic Perspective 2002. There are limitations in disclosing social reports that focus only on material and moral aspects. Therefore, it is necessary to develop a special framework that is by Islamic sharia principles for social responsibility reporting and the main focus is on the spiritual aspect so that an ISR conceptual framework is formed that can help a company carry out its obligations to Allah SWT, the community and the surrounding environment. In measuring CSR disclosure in several Islamic banks, it is still based on the Global Reporting Initiative Index (GRI Index). The benefit of the GRI Index itself is promoting and developing a standardized approach to reporting to stimulate demand for sustainability information that will benefit reporting organizations and those who use it. report information is the same (Rita Rosiana, et al., 2015).

There are several differences between CSR and ISR which can be seen from any angle. But one of them is the measurement of Conventional Bank CSR which is measured using the Global Reporting Initiative Index (GRI) while the CSR of Islamic Banks is measured by the Islamic Social Reporting Index (ISR). The results of this study indicate that CSR and ISR have a significant effect on profits. There is a significant difference, the difference is seen in CSR disclosure which is higher than the ISR on company profits.

There is some empirical evidence that can affect ISR, such as significantly influencing company size, profitability which shows the company's ability to generate profits over several periods, also leverage which affects ISR disclosure where if Islamic banks have high levels of leverage or debt then the company will reduce the reporting of its social activities, whereas if the level of leverage is low, the company will provide wider reporting.

Table 1. ISR data at 3 Islamic Commercial Banks

BANK	Year	Company Size	Profitability (ROA)	*Leverage* (DER)	ISR
BCA Syariah	2017	15,60	1,2	0,66	53%
	2018	15,77	1,2	0,61	49%
	2019	15,97	1,2	0,61	51%
	2020	16,09	1,1	0,53	49%
	2021	16,18	1,1	0,67	58%
Mega Syariah	2017	15,77	1,56	1,08	56%
	2018	15,81	0,93	0,78	53%
	2019	15,90	0,89	0,78	53%
	2020	16,00	1,74	3,27	56%
	2021	16,45	4,08	0,66	58%
Muamalat	2017	17,94	0,11	1,80	51%
	2018	17,86	0,08	2,41	49%
	2019	17,74	0,05	2,44	49%
	2020	17,75	0,03	2,40	50%
	2021	17,89	0,02	2,90	53%

Source: Data processed

METHOD

Research Approach

In this study, the approach used is quantitative. Quantitative research is research that focuses more objectively on the measurement aspects of social events (Rahmani, 2016). According to the nature of the research, this research is associative research which aims to identify the effect between the independent variable and the dependent variable (Sugiyono, 2014). The purpose of this research is to find out the effect of firm size as (X_1) and profitability as (X_2), as well as leverage as (X_3) for the ISR expression of Islamic commercial banks.

Data Types and Sources

In this study, researchers used secondary data types. Secondary data is data collected and obtained by researchers from various existing sources (researchers as secondhand). Secondary data can be obtained from various sources that are already available and can be in the form of notes, evidence, magazines, books, official sites, journals, articles that have been arranged in archives, historical reports, etc. In this study, researchers used secondary data sourced from bank annual reports related to the 2017-2021 period, which were obtained from each legitimate website of each related bank. Owned data were analyzed using a computer program, namely Eviews version 10.0 using classic assumption test techniques, research hypothesis testing, descriptive statistics, and multiple linear regression equation models.

Population and Sample

In this study, the samples used were 8 Islamic Commercial Banks that provide annual financial reports to the public and have complete information on each of the bank's official websites. Meanwhile, those that were not included were because the data standards were not met in this study to be used as samples. Banks used as samples in this study are:

Table 2. List of Islamic Commercial Banks (BUS) that were sampled

No.	Islamic Commercial Banks (BUS)
1.	PT. Bank BCA Syariah
2.	PT. Bank Muamalat Indonesia
3.	PT. Bank Mega Syariah
4.	PT. Bank BJB Syariah
5.	PT. Bank Syariah Bukopin
6.	PT. Bank BTPN Syariah
7.	PT. Panin Bank Syariah
8.	PT. Bank Aceh Syariah

Data analysis method

The research model used in this study is panel data regression. Panel data immediately means the continuous movement of cross-sectional units (Imam Ghozali and Dwi Ratmono, 2013). Through the results of several studies, it is stated that compared to time-series or cross-section type data, panel data has a variety of advantages.

It is known that this study also uses the data analysis method used is multiple linear regression, which is an equation model that describes the relationship of one dependent or independent variable (Y) with two or more independent or dependent variables (X_1, X_2,…, X_n) which is the goal of this multiple linear regression test is to predict the value of the independent variable (Y) if the values of the dependent variables (X_1, X_2,…, X_n) are known and also to be able to find out how the relationship between the independent variables and the dependent variables is. The multiple linear regression equation mathematically can be expressed by the following equation:

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$$Y = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Ket :

Y = Dependent variable (Islamic Social Reporting)
X = Free Variables
X_1 = Company Size
X_2 = Return On Asset (ROA)
X_3 = Debt to Equity Ratio (DER)
α = Konstantina
b_1, b_2, b_3 = Model regression coefficients
e = Error term

RESULTS

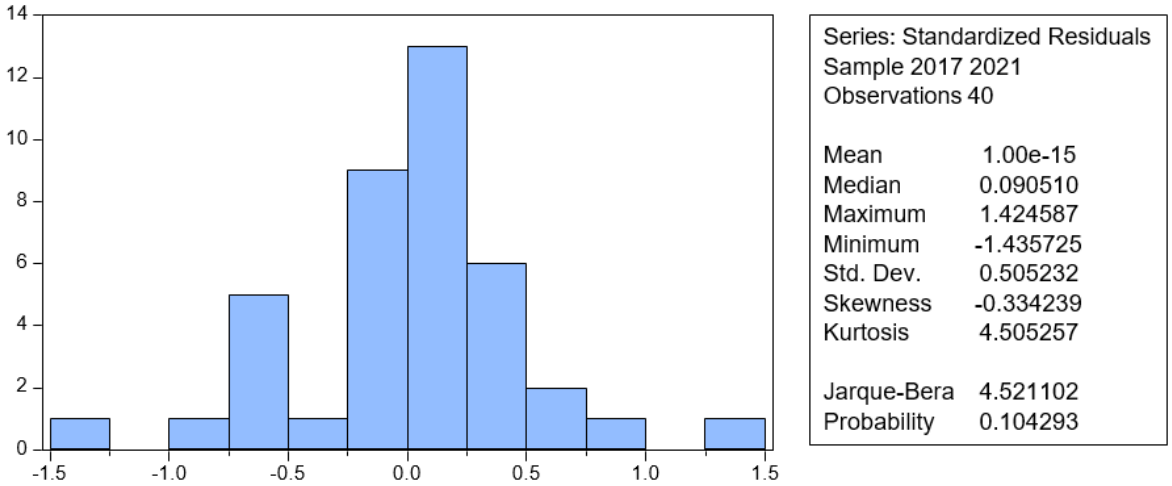
The data analysis model uses multiple linear regression models which are processed through the Eviews ver 10.0 program with the final results obtained from the research as follows:

Table 3. Table Statistik Deskriptif Descriptive Statistics

	SIZE_X1	ROA_X2	DER_X3	ISR_Y
Mean	16.44925	1.667250	140.7250	53.62500
Median	16.16500	0.945000	103.0000	53.00000
Maximum	19.15000	13.60000	527.0000	76.00000
Minimum	15.47000	-10.77000	19.00000	37.00000
Std. Dev.	0.831700	4.526282	110.4768	6.041258
Skewness	1.285242	0.507756	1.579386	0.995477
Kurtosis	4.224526	5.110523	5.470125	7.476614
Jarque-Bera	13.51142	9.142624	26.79892	40.00663
Probability	0.001164	0.010344	0.000002	0.000000
Sum	657.9700	66.69000	5629.000	2145.000
Sum Sq. Dev.	26.97728	799.0020	476000.0	1423.375
Observations	40	40	40	40

Based on the results of data from Eviews regarding company size (size) X_1, the mean obtained is 16.4492 as well as a maximum value of 19.15 and a minimum value of 15.47. The standard deviation of the company size variable (size) is 0.831700. On profitability (ROA) X2 shows a mean value of 1.667250 as well as a maximum value of 13.60 and a minimum value of -10.77. The standard deviation of the Return On Assets (ROA) variable is 4.526282. Then the Leverage (DER) X_3 shows the result of a mean of 140.7250 with a maximum value of 527 and a minimum value of 19. The standard deviation of the Debt to Equity Ratio (DER) variable is 110.4768. The Y variable is Islamic Social Reporting with a mean of 53.62 a maximum value of 76 and a minimum value of 37. Meanwhile, the standard deviation of Islamic Social Reporting (ISR) is 6.041258.

Normality test



Based on the results of the normality test output above, it can be seen that the probability value is 0.104293 or more than 0.050, meaning that the data in this study are normally distributed.

Autocorrelation Test

R-squared	0.704130	Mean dependent var	2.297835
Adjusted R-squared	0.679474	S.D. dependent var	0.753387
S.E. of regression	0.426530	Sum squared resid	6.549405
F-statistic	28.55838	Durbin-Watson stat	2.141975
Prob(F-statistic)	0.000000		

Based on the output table above, it is known that the Durbin-Watson value is 2.141975. Furthermore, we will compare this value with the value of the Durbin-Watson table at a significance of 5%. The Durbin-Watson value of 2.141975 is greater than the upper limit (du) which is 1.6589 and smaller than (4-du) (4–1.6589) = 2.3411 or can be summarized as 1.6589 < 2.141975 < 2.3411 meaning that the data avoids autocorrelation symptoms.

Multicollinearity Test

	SIZE_X1	ROA_X2	DER_X3
SIZE_X1	1.000000	0.295297	0.627238
ROA_X2	0.295297	1.000000	0.155193
DER_X3	0.627238	0.155193	1.000000

Based on the table above, the correlation value of all variables is less than 0.8 (< 0.8). This means that the variables used in this study do not show any signs of multicollinearity, which means that all variables can be used.

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Heteroscedasticity Test

Dependent Variable: ABS_RES
Method: Panel EGLS (Cross-section random effects)
Date: 09/13/22 Time: 11:01
Sample: 2017 2021
Periods included: 5
Cross-sections included: 8
Total panel (balanced) observations: 40
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.081387	0.366589	0.222013	0.8256
SIZE_X1	-0.004873	0.027006	-0.180451	0.8578
ROA_X2	-0.008023	0.007248	-1.106841	0.2757
DER_X3	0.027771	0.028734	0.966489	0.3402

Prob significance value. the variable X1 is 0.8578, X2 (0.2757), and X3 (0.3402) is more than 0.05 meaning that the independent variable data in this study are spared and the variable data in this study are spared from symptoms of heteroscedasticity and are suitable for testing research with the multiple linear regression test model,

Partial Test (Uji T)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-3.611647	1.302685	-2.772465	0.0088
SIZE_X1?	0.393630	0.095137	4.137520	0.0002
ROA_X2?	0.051901	0.025310	2.050640	0.0476
DER_X3?	0.251276	0.101859	2.466898	0.0185
Random Effects (Cross)				
ACEHS--C	-0.103527			
BCAS--C	0.172167			
BJBS--C	0.066215			
BTPNS--C	0.196874			
BUKOPINS--C	0.305524			
MEGAS--C	0.082803			
MUAMALAT--C	-0.470379			
PANINS--C	-0.249677			

t-Table (n-k-1) = (40-3-1) = t-Table 36 = 2.02809

Variabel X_1

Based on the t-test table above, the effect of variable X1 on variable Y is 0.0002 <0.050 while for the calculated t value of 4.137520 > t table (2.02809), where Ho is rejected and Hi is accepted, which means that there is an influence of variable X1 on variable Y.

Variable X_2

Based on the t-test table above, the effect of variable X2 on variable Y is 0.0476 <0.050 while for the calculated t value of 2.050640 > t table (2.02809), where Ho is rejected and Hi is accepted, which means that there is an influence of variable X2 on variable Y.

Variable X_3

Based on the t-test table above, the effect of variable X3 on variable Y is 0.0185 <0.050 while for the calculated t value of 2.466898 > t table (2.02809), where Ho is rejected and Hi is accepted, which means that there is an influence of variable X3 on variable Y.

Simultaneous Test (Uji F)

R-squared	0.704130	Mean dependent var	2.297835
Adjusted R-squared	0.679474	S.D. dependent var	0.753387
S.E. of regression	0.426530	Sum squared resid	6.549405
F-statistic	28.55838	Durbin-Watson stat	2.141975
Prob(F-statistic)	0.000000		

F- Table = (n-k) = (40-3) = F- Table 37 = 2.86

Based on the above table it is known that the calculated F value is greater than the F table value (28.55838 > 2.86), with a significance value of 0.000000 <0.05. Thus, H0 is rejected, and Ha is accepted, which means that variables X1, X2, and X3 if tested simultaneously or simultaneously affect variable Y.

Determination Test (R- Square)

R-squared	0.704130	Mean dependent var	2.297835
Adjusted R-squared	0.679474	S.D. dependent var	0.753387
S.E. of regression	0.426530	Sum squared resid	6.549405
F-statistic	28.55838	Durbin-Watson stat	2.141975
Prob(F-statistic)	0.000000		

From the results table above it can be seen that the value of R Squared is 0.704130 or 70.41%. This figure shows the influence of the variables X1, X2, and X3 on the combined Y variable, while the remaining 29.59% is influenced by other variable factors outside this study or the error value.

CONCLUSION

In this study, the results of testing simultaneously with the F test showed that company size, Return On Assets (ROA), and Debt to Equity Ratio (DER) had a significant effect on ISR disclosure, with the results obtained Fcount > Fable, namely 28.55838 > 2, 87 and a significance value <0.05, namely 0.000 <0.05. So it was concluded in the F test that Ha4 was accepted and H04 was rejected. Therefore, together company size, profitability (ROA), and leverage (DER) have a significant effect on ISR disclosure. And in this study, the results of testing the coefficient of determination obtained an R Square value of 0.704130 or 70.41%. Therefore, the influence of firm size, profitability, and leverage variables can explain the ISR disclosure of 70.41%. While the remaining 29.59% is explained by other variables outside of this study.

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