

FACTORS OF ISLAMIC SOCIAL REPORTING DISCLOSURE OF INDONESIAN ISLAMIC COMMERCIAL BANKS FACING THE COVID-19 PANDEMIC

by Budi Sukardi

Submission date: 07-Feb-2022 11:06AM (UTC+0700)

Submission ID: 1756485552

File name: of_Islamic_Commercial_Banks_in_Indonesia_JPS_Bengkalis-1-12.pdf (197.83K)

Word count: 5463

Character count: 30364

FACTORS OF ISLAMIC SOCIAL REPORTING DISCLOSURE OF INDONESIAN ISLAMIC COMMERCIAL BANKS FACING THE COVID-19 PANDEMIC

Budi Sukardi¹, Widiatmini², Fachrurazi³

^{1,2}UIN Raden Mas Said Surakarta, Indonesia

³IAIN Pontianak, Indonesia

budi.sukardi@iain-surakarta.ac.id, widiatmini124y4@gmail.com,

ferry.7co@iainptk.ac.id

ABSTRACT

This study aims to know the extent influence and effects of several factors facing the covid-19 pandemic to social reporting disclosure of Islamic commercial banks in Indonesia during the 2014-2019 period. The research method is quantitative, using secondary data and determination of sample with a technique of purposive sampling. Techniques of analysis with panel data processed using the EViews 10 program. The firm age has a significant positive effect on Islamic Social Reporting disclosure, with coefficient value 0.005487, probability value 0.0502<0.05. The firm size did not affect Islamic social reporting disclosure, and the coefficient value is -0.000164, the direction of a coefficient is negative, probability value 0.9569>0.05. Profitability does not affect Islamic social reporting disclosure, with a coefficient value of -0.120660, the direction of a coefficient is negative, the probability value is 0.3112>0.05, in the view of Islam, the company's intention to disclose is not considered the company in a profit or loss condition. The results showed that the firm age has a significant positive effect on Islamic social reporting disclosure, then the firm size and profitability did not affect Islamic social reporting disclosure. In the future, the company must have information on the growth and development of the company is accountable and informative, increasing the growth of the company's total assets and increasing the company's profitability as well as making complete disclosures without considering the company in a profit or loss condition.

Keywords: Islamic Social Reporting, Disclosure, Company Age, Company Size, COVID-19.

ABSTRAK

Penelitian ini bertujuan untuk mengetahui sejauh mana pengaruh dan pengaruh beberapa faktor menghadapi pandemi covid-19 terhadap pengungkapan pelaporan sosial bank umum syariah di Indonesia selama periode 2014-2019. Metode penelitian yang digunakan adalah kuantitatif, menggunakan data sekunder dan penentuan sampel dengan teknik purposive sampling. Teknik analisis dengan data panel diolah menggunakan program EViews 10. Usia perusahaan berpengaruh positif signifikan terhadap pengungkapan Islamic Social Reporting, dengan nilai koefisien 0,005487, nilai probabilitas 0,0502<0,05. Ukuran perusahaan tidak mempengaruhi pengungkapan pelaporan sosial Islam, dan nilai koefisiennya adalah -0,000164, arah koefisiennya negatif, nilai probabilitasnya 0,9569>0,05.

Profitabilitas tidak berpengaruh terhadap pengungkapan Islamic social reporting, dengan nilai koefisien sebesar -0,120660, arah koefisiennya negatif, nilai probabilitasnya adalah $0,3112 > 0,05$, dalam pandangan Islam, intensi perusahaan untuk mengungkapkan tidak dianggap perusahaan dalam kondisi untung atau rugi. Hasil penelitian menunjukkan bahwa umur perusahaan berpengaruh positif signifikan terhadap pengungkapan pelaporan sosial Islam, kemudian ukuran perusahaan dan profitabilitas tidak berpengaruh terhadap pengungkapan pelaporan sosial Islam. Kedepannya, perusahaan harus memiliki informasi pertumbuhan dan perkembangan perusahaan yang akuntabel dan informatif, meningkatkan pertumbuhan total aset perusahaan dan meningkatkan profitabilitas perusahaan serta melakukan pengungkapan yang lengkap tanpa mempertimbangkan perusahaan dalam kondisi laba rugi.

Kata kunci: Islamic Social Reporting, Keterbukaan, Umur Perusahaan, Ukuran Perusahaan, COVID-19.

INTRODUCTION

The bigger the company and the longer it has been, the more social, economic, and political pressures outside the company (Saha, 2019). Larger companies will attract investor confidence, namely by changing the way the company meets the needs and desires of the community (Alsharari & Alhmoud, 2019; Ascarya & Yumanita, 2005; Jati et al., 2020). One of which is implementing the disclosure of social responsibility by sharia principles, namely the disclosure of Islamic Social reporting (Putra et al., 2020; Putra & Lubis, 2020; Windiawati & Raharja, 2012).

The growing development of Islamic financial institutions in various countries has contrasted related institutions on a more sensitive awareness of the importance of social contribution and social responsibility. In general, a bank is a financial institution whose function is as a financial intermediary (Prasetyo et al., 2019). Companies, especially banks, disclose Islamic Social Reporting because of a change in the accountability paradigm from management to shareholders from management to all stakeholders. In addition, the emergence of a challenge to maintain the company's image in the eyes of the public is the reason why Islamic banking in Indonesia discloses Islamic Social Reporting (Citravury et al., 2019).

Several factors affect the disclosure of Islamic Social Reporting, including Profitability, Firm Size, Board of Commissioners, Sharia Supervisory Board, Board of Directors, type of industry, leverage, and type of bank (Khoirudin, 2013). This was also expressed by several researchers, namely (Assegaf, Y.U., Falikhatun., Wahyuni, 2012; Bukair & Rahma, 2015; P. Lestari, 2013; Yuliyanti, 2012). However, this study focuses on the effect of firm age, firm size, and profitability on the disclosure of Islamic Social Reporting at Islamic Commercial Banks in Indonesia.

In Islam, the disclosure of social reports is known as Islamic Social Reporting (ISR). Haniffa conducted the first ISR research in 2002, and he has grouped ISR items into five themes: funding and Investment, products and services, employees, society, and the environment. Othman developed further research specifically in Malaysia in 2009 (Othman et al., 2009). The five themes of ISR that

Haniffa disclosed, Othman added one theme of disclosure, the theme of corporate governance.

There is a need for particular guidelines for Islamic banking to disclose Islamic social reports by sharia principles (Haniffa, 2002). So far, CSR disclosure in Islamic banking still refers to the Global Reporting Initiative Index (GRI). Islamic economic researchers use the Islamic Social Reporting Index (ISR) to measure CSR. Research on the disclosure of Islamic Social Reporting conducted on Islamic banking is still limited. Some Islamic banks are free to disclose social information because no regulator regulates it officially. This gives rise to variations in the disclosure of Islamic Social Reporting between banks (Maali et al., 2006).

A previous study by Rosiana showed a significant positive effect between firm size on the disclosure of Islamic Social Reporting (Rosiana et al., 2015). According to Ramadani et al. (2016), there is a significant positive effect between firm size on the disclosure of Islamic Social Reporting (Ramadani et al., 2016). Another study found that firm size significantly affected Islamic Social Reporting (Umiyati & Baiquni, 2018).

These results are different from the research related by Prasetyoningrum (2019), which found that company size did not significantly affect the disclosure of Islamic Social Reporting (Prasetyoningrum, 2019). Other factors that influence ISR disclosure include firm age. What is meant by the firm age is one of the factors that can indicate how long the company can operate and compete with other companies (Arjanggie, A., & Zulaikha, 2015).

In contrast, the research found that bank age had a positive and irrelevant effect on the disclosure of Islamic Social Reporting (P. Lestari, 2013). At that time, Islamic banks had relatively little experience issuing financial statements (P. Lestari, 2013). The study found that profitability had an insignificant positive effect on the disclosure of Islamic Social Reporting (Umiyati & Baiquni, 2018). Found that firm size had a significant positive effect on Return On Assets (ROA) (Nadlifiyah & Laila, 2017).

The level of operational efficiency that occurs in large companies with large amounts of assets but the efficiency of the operators themselves do not go well, and besides that companies make inappropriate investments can also be one of the reasons why there is no significant positive effect (Telly et al., 2019). However, from the overall average level of social performance disclosure of Islamic Commercial banks in Indonesia is still less informative, it is necessary to re-examine the effect of firm age, firm size, and profitability on Islamic Social Reporting (ISR).

LITERATURE REVIEW

Islamic Social Reporting (ISR)

The ISR index is a benchmark for implementing the social performance of the Islamic banking industry, which contains a compilation of CSR project standards that are still AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions). Then the researchers further developed the ISR index. CSR projects must be disclosed (Sutapa & Laksito, 2018). The Islamic Social Reporting Index is used as an indicator in sharia social performance reporting to assist

decision-making for Muslims and help companies fulfil their obligations to Allah SWT and society.

There are six disclosure themes in the Islamic Social Reporting Index (Othman et al., 2009; Sutapa & Laksito, 2018). Among others:

- Funding and Investment (activities are containing us, activities containing ambiguity or gharar), zakah management activities (method used, amount of zakat, beneficiaries), Policy on late payment and write-off of bad debts, Current Value Balance Sheet (CVBS), Value Added Statement (VAS).
- Products and services (environmentally friendly products, halal product status, product safety, quality, service for consumer complaints) (Haniffa & Hudaib, 2007; Othman et al., 2009).
- Workforce (Nature of work; working hours, holidays and other benefits, Employee education and training, equal opportunities for all employees, Employee involvement, health and safety for employees, Work environment, Employees from special groups; for example, physically disabled and former drug users, congregational prayer activities, worship times or religious activities, adequate places of worship for employees) (Othman et al., 2009).
- Social themes (giving donations (alms), Waqf, Loans for goodness (Qardh al-Hasan), Volunteering from among employees, Providing educational scholarships, Empowering for a school or college graduates, Development of the younger generation, Improving the quality of life of the poor, Concern for children, Support charities or social activities, Support for health, entertainment, sports, cultural, educational and religious activities; social activities) (Othman et al., 2009).
- Environmental themes (Go green campaign, Environmental conservation, Protection of wild or endangered flora and fauna, Pollution, Repair and construction of public facilities, Environmental audit, General management policy) (Sutapa & Laksito, 2018).
- The theme of corporate governance (Profile and organizational structure, Organizational structure, Implementation of the duties and responsibilities of the board of commissioners, Implementation of the duties and responsibilities of the board of directors, Implementation of the duties and responsibilities of committees, Implementation of duties and responsibilities of the Sharia supervisory board, Implementation of Sharia principles in collection and distribution of funds and services, Handling conflicts of interest, Implementation of bank compliance function, Implementation of internal audit function, Implementation of external audit function, Maximum limit of disbursement of funds, Transparency of financial and non-financial conditions, Anti-money laundering policies and other harmful practices, Ethics company) (Sutapa & Laksito, 2018).

Profitability

Profitability shows the company's ability to generate profits or profits in a certain period and the company's ability to earn profits that have a relationship with sales, total assets, and own capital (Sartono, 2001). Profitability is the company's ability to generate profits through all activities related to the company's activities in a certain period. The income statement used to measure profitability is "asset

reorganization". The asset transfer ratio is the bank's ability to manage the funds invested in all profitable assets (Muhammad, 2015). ¹³

Return on Assets assesses profitability above total assets by comparing the profit after tax with the average total assets. Return on Assets shows the effectiveness of the company when managing assets that come from its capital or borrowed capital from investors, which will see how effective a company is in managing assets. According to Harahap et al. (2017), the higher the level of ROA, it will affect sales volume, ultimately getting more profit, so the high and low Return on Assets will affect the company when disclosing social responsibility company.

Firm Size ¹¹

Firm size is a scale used to classify the size of the company. The company's size describes the size of a company indicated by total assets, total sales, average total sales, and average total assets (Sujianto, 2001). So, it can be concluded that the firm size depends on the number and size of the assets owned by the company. Companies with a larger size have a more incredible opportunity to attract customers to obtain funding from various sources. Another reason large companies need to disclose their social responsibilities is because large companies get social, political, and economic pressures from the corporate environment (Farisi, 2015).

Firm Age

Firm age is one of the factors that can indicate or show how long the company can operate and compete with other companies (Arjanggie, A., & Zulaikha, 2015). In other words, the firm age is the length of time a firm exists, develops, and survives. The longer the firm age, the more company information the public will get. The longer Islamic banks have been established, it can be said that they have a better reputation than newly established Islamic banks because Islamic banks that have been established for a long time can face and survive in all conditions that occurred before, with Islamic banks that can face all conditions means showing stability in its management.

Hypothesis Development

Previous researchers conducted this research using relevant variables, and there are differences, where previously profitability became an Intervening variable to see a significant influence between CSR on firm value, analytical tools used, the object of research.

² Another thing was found that company size had an insignificant negative effect on the disclosure of Islamic Social Reporting in Islamic banking in Indonesia (Prasetyoningrun⁶2019). Because every time there is an increase in the firm size, it will reduce the disclosure of Islamic Social Reporting information. In contrast to research that found that company size had a positive and insignificant effect (S. Lestari, 2016). ¹

Against the disclosure of ³Islamic Social Reporting, found that simultaneously (F test) shows that it has a significant effect on the firm size on Islamic Social Reporting disclosure (Nadlifiyah & Laila, 2017). Meanwhile, the firm size variable partially has no significant adverse effect¹ on ISR disclosure. Because the more extensive the firm size, the narrower the disclosure of Islamic

Social Reporting carried out the firm age, which has a significant positive influence on the disclosure of Islamic Social Reporting, because the greater the age of the company, the wider the disclosure of ISR (Nadlifayah & Laila, 2017).

Such as research found that the age of the bank had no significant effect on the disclosure of Islamic Social Reporting (P. Lestari, 2013; Nadlifayah & Laila, 2017; Prasetyoningrum, 2019). The older company does not necessarily increase the level of disclosure of Islamic Social Reporting. Research that states that bank age has a positive influence do not disclose Islamic social reporting (Rama & Meliawati, 2016). Older banks are more likely to disclose more information in their annual reports than Islamic commercial banks that have just started operating.

The research found that stimulants or partially profitability variables had a significant positive effect on the disclosure of Islamic Social Reporting (Nadlifayah & Laila, 2017). Then the greater the level of profit that the company can obtain, the manager will provide more motivation to make greater ISR disclosures and get a surplus from these profits (Othman et al., 2009). Company profitability (ROA) has no significant positive effect on the disclosure of Islamic Social Reporting (Rama & Meliawati, 2016). Profitability is not a factor that influences Islamic commercial banks to make wider disclosures. The profitability variable does not affect the disclosure of Islamic Social Reporting such as research (Haniffa, 2002; Prasetyoningrum, 2019; Rosiana et al., 2015; Umiyati & Baiquni, 2018). That is the Islamic view; companies that have the intention to make full disclosures will not consider whether the company is making a profit or loss.

The research found that the firm's age did not significantly affect ROA (Hariyanto, 2014). Older firms have lower margins, higher costs, slower growth, older assets, and reduced R&D investment activities (Loderer & Waelchli, 2010). Research states that company size affects the disclosure of Islamic Social Reporting through profitability as an intervening variable (Sonia et al., 2017). So, the company's size that continues to grow, the more capital invested, the resources and funds also tend to have a wider demand for disclosure of Islamic social reporting. The research found that firm age positively affected profitability (ROA) (Wibisana et al., 2018) because this indicates that the high firm age-related higher level of profitability of the company.

The quick answer whose truth remains to be tested is an explanation of the purpose of the hypothesis, or it could be a conclusion from a summary obtained from a literature review (Martono, 2011). The hypothesis:

H₁: Firm age affects the disclosure of Islamic Social Reporting disclosure.

H₂: Firm size affects Islamic Social Reporting disclosure.

H₃: Profitability affects the disclosure of Islamic Social Reporting disclosure.

RESEARCH METHODS

The type of research used is quantitative, a type of data in numbers and analysis using statistics (Sugiyono, 2015). The population of this research is 14 Islamic Commercial Banks in Indonesia that are registered with OJK and have complete financial reports from 2014 to 2019. The research sample is Islamic Commercial Banks in Indonesia registered with the OJK and published financial reports from 2014-2019. This sample uses the purposive sampling technique, the selection of data be used according to certain criteria and considerations.

The sample criteria are Islamic commercial banks. Five Islamic banks were selected for the following reasons: BNI Syariah and Mandiri Syariah Bank, including BUMN, BNI Syariah has 25 Products, and Mandiri Syariah Bank has 31 Products, including Foreign Exchange Bank with majority/controlling shareholder. Private Sharia Banks, including Foreign Exchange Banks, namely Panin Dubai Sharia Bank, Victoria Sharia Bank, a non-foreign Exchange Bank with few branch offices. Victoria Sharia Bank, because it is rare to find a Victoria Syariah Bank office, and lastly, Maybank Syariah Bank is one of the leading private banks in Indonesia which is part of the Malayan Banking Berhad (Maybank) group, one of the largest financial service provider groups in ASEAN.

The data sources in this study are secondary data obtained in a ready-made form (available). Secondary data was obtained from the published financial statements of Islamic banks. Data collections from the annual financial statements of Islamic Banks from 2014-2019.

Independent variables affect the dependent variable and have a positive or negative effect (Ferdinand, 2006). The independent variables in this study are firm age, firm size, and profitability.

Firm Age

Firms that have been established for a long time will generate higher profits than firms just starting. As a result, newly established firms will have little difficulty obtaining funds in the capital market, so they rely more on their capital (Zen & Herman, 2007). Firm age has become a member of the BUS.

Firm Size

Firm size is measured by total assets, which is then (Ln) the natural logarithm of total assets (Astuti, 2011), firm size = Ln (Total Assets), Ln = natural logarithm.

Profitability

Profitability is a ratio to measure the firm's ability to generate profits, and it can be measured by comparing net profit after tax and total assets (Umiyati & Baiquni, 2018).

$$ROA = (\text{Profit after tax}) / \text{Assets} \times 100\%$$

This related variable is a variable that is the centre of attention of researchers where the problem is reflected in the dependent variable (Ferdinand, 2006). The dependent variable in this study is Islamic Social Reporting (ISR).

Islamic Social Reporting

Islamic Social Reporting emphasizes social justice when reporting, in addition to reporting on the environment, minority interests, and employees related to the Islamic social index Reporting (Othman et al., 2009), by combining other related research into six indicators, Investment, and finance, Products, and services, Labour, Social, Environment, Governance. The disclosure index used is the Islamic Social Reporting (ISR) disclosure index (Othman et al., 2009; Sutapa & Laksito, 2018). If a company discloses the item, it will get a score of 1, and if the item is not disclosed, it will be given a score of 0. The calculation formula for disclosure is:

$$\text{Disclosure} = \frac{\sum x}{n}$$

The formula for calculating the ISR disclosure (Windiawati & Raharja, 2012).

$$\text{ISR} = (\text{number of disclosure scores met}) / (\text{maximum number of disclosure scores}) \times 100\%$$

The regression model estimation method can be done through several approaches (Ajija, 2011), namely the common effect model, fixed effect model, random effect model (Chow test, Hausman test, Lagrange multiplier test). Classical Assumption Test, aims to ensure that the research results are valid with the data used in theory is unbiased, consistent, and the regression coefficient estimation is efficient (Ghozali, 2011), was carried out to obtain the right analysis model for the data which includes normality test, autocorrelation test, multicollinearity test, heteroscedasticity test. Model accuracy test, to be able to determine the effect of the independent variable (X) on the dependent variable (Y) both together and partial on hypothesis 1 (h₁) to hypothesis 2 (h₂), carried out with the f test, the coefficient of determination test (R²). Panel data regression analysis is used to determine the effect of the independent variable on the dependent variable through the regression equation (Astuti, 2011). The panel data regression equation is formulated as follows:

$$Y = \beta_0 + \beta_1.X_1 + \beta_2.X_2 + \beta_3.X_3 + \varepsilon$$

The research model presented above explains that the variables X₁ (firm age), X₂ (firm size), and X₃ (profitability) affect variable Y (Islamic Social Reporting). The hypothesis test (t-test) shows how much influence one independent variable individually has in explaining the variation of the dependent variable (Ghozali, 2011).

RESULT AND ANALYSIS

Content Analysis Results of Islamic Social Reporting Disclosures

Content Analysis is used to measure the ISR Index by looking at the annual report of each Islamic commercial bank for 2014-2019. Disclosure of Islamic Social Reporting from five Islamic Commercial Banks in Indonesia during 2014-2019, it is known that the disclosure of Islamic Social Reporting conducted by each Islamic commercial bank on average has increased from year to year. The maximum value of Islamic Social Reporting disclosure is conducted by BNI Syariah (2017, 2018, 2019), Syariah Mandiri Bank (2018, 2019) with 79.00%. Meanwhile, the minimum value of Islamic Social Reporting disclosure is conducted by Maybank Syariah Bank (2014), Victoria Syariah Bank (2014, 2016), and Panin Dubai Syariah Bank (2017, 2019) with 63.00%. This means that Islamic Social Reporting disclosure activities at Islamic Commercial Banks have not been conducted optimally.

The Islamic Social Reporting disclosure level conducted by each Islamic commercial bank during 2014-2019 is quite good. The disclosure of Islamic Social Reporting activities conducted by Islamic commercial banks received the predicate "Informative" and "Less Informative". Two Sharia Commercial Banks received the "Informative" predicate in the disclosure of Islamic Social Reporting, namely: BNI Syariah and Syariah Mandiri Bank at 72% - 79% with a percentage value between 66% - 81%. Maybank Syariah, Victoria Syariah Bank, and Panin Dubai Syariah Bank received the title of "Less informative" because the ISR index value with the "Informative" predicate was less than the "less informative" predicate in the disclosure of Islamic Social Reporting with a percentage value between 51% - 66%.

Table 1. Chow Test Results

| Effects Test | Statistic | d.f. | Probability |
|--------------|-----------|------|-------------|
|--------------|-----------|------|-------------|

| | | | |
|--------------------------|-----------|--------|--------|
| Cross-section F | 12.536519 | (4,22) | 0.0000 |
| Cross-section Chi-square | 35.629513 | 4 | 0.0000 |

Source: secondary data (processed)

It is known that the chi-square probability value is 0.0000. The chow test can be seen by comparing the chi-square probability value of <0.05 . The results of the chow test show that the chi-square probability value is 0.0000 > 0.05 , which means that H_0 is rejected and H_1 is accepted, so the model used is the random effect model (RE).

Table 2. Hausman Test Results

| Test Summary | Chi-Sq. Statistic | Chi-Sq. d.f. | Probability |
|----------------------|-------------------|--------------|-------------|
| Cross-section random | 1.841376 | 3 | 0.6060 |

Source: secondary data (processed)

From the table above, the p-value is 0.6060. Hausman test can be seen by comparing the p-value <0.05 . Hausman test results show that the p-value is 0.6060 > 0.05 , meaning H_0 is accepted and H_1 is rejected. So, the right model to use is the random effect model (RE). Chow's test shows that appropriate model used is the common effect model (CE). While the Hausman test shows that the right model to use is the random effect model (RE). This is the last step to determine the right model selection test used is to perform the Lagrange multiplier test.

Table 3. Lagrange Multiplier Test Results

| Null (no rand. effect) Alternative | Cross-section One-sided | Period One-sided | Both |
|------------------------------------|-------------------------|----------------------|----------------------|
| Breusch-Pagan | 23.13017 (0.0000) | 3.089646 (0.0788) | 26.21981 (0.0000) |

Source: secondary data (processed)

The Breusch-Pagan value is 0.0000. The Lagrange multiplier test can be seen by comparing the Breusch-Pagan value <0.05 . The results of the Lagrange multiplier test show that the Breusch-Pagan value is 0.0000 <0.05 , which means that H_0 is rejected and H_1 is accepted, so the right model to use is the random effect model (RE). The F test is used to determine whether the independent variables included in the model have a simultaneous effect on the independent variables.

Table 4. F Test Results

| Variable | Coefficient | Std. Error | t-Statistic | Probability |
|-----------------------|-------------|------------|-------------|-------------|
| C | 0.653884 | 0.084547 | 7.733970 | 0.0000 |
| Firm Age | 0.005487 | 0.002672 | 2.053380 | 0.0502 |
| Firm Size | -0.000164 | 0.003015 | -0.054507 | 0.9569 |
| Profitability | -0.120660 | 0.116828 | -1.032801 | 0.3112 |
| Effects Specification | | | | |
| | | | S.D. | Rho |
| Cross-section random | | | 0.067928 | 0.8708 |
| Idiosyncratic random | | | 0.026164 | 0.1292 |

| | | | | |
|------------------------------|---------------------|--------------------|----------|--|
| 10 | Prob. (F-statistic) | 0.213243 | | |
| Unweighted Statistics | | | | |
| R-squared | 0.196817 | Mean dependent var | 0.698333 | |
| Sum squared resid | 0.074549 | Durbin-Watson stat | 0.263122 | |

Source: secondary data (processed)

In the table above, the calculated F-value is 1600885. The F test can be seen by comparing the calculated F-value > F-table. The F test results show that the calculated F-value is 1600885 while the F-table value is 3.35. In the F-count < F-table, the independent variable simultaneously does not affect the dependent variable.

The Coefficient of Determination Test (R^2) determines how much the independent variable explains the dependent variable.

Table 5. Panel Data Regression Test Result

| Variable | Coefficient | Std. Error | t-Statistic | Probability |
|------------------------------|-------------|--------------------|-------------|-------------|
| C | 0.653884 | 0.084547 | 7.733970 | 0.0000 |
| Firm Age | 0.005487 | 0.002672 | 2.053380 | 0.0502 |
| Firm Size | -0.000164 | 0.003015 | -0.054507 | 0.9569 |
| Profitability | -0.120660 | 0.116828 | -1.032801 | 0.3112 |
| Effects Specification | | | | |
| | | | S.D. | Rho |
| Cross-section random | | | 0.067928 | 0.8708 |
| Idiosyncratic random | | | 0.026164 | 0.1292 |
| Weighted Statistic | | | | |
| R-squared | 0.155917 | Mean dependent var | 0.108479 | |
| Adjusted R-squared | 0.058523 | S.D. dependent var | 0.026358 | |
| S.E. of regression | 0.025575 | Sum squared resid | 0.017006 | |
| F-statistic | 1.600885 | Durbin-Watson stat | 1.153462 | |
| Prob. (F-statistic) | 0.213243 | | | |
| Unweighted Statistics | | | | |
| R-squared | 0.196817 | Mean dependent var | 0.698333 | |
| Sum squared resid | 0.074549 | Durbin-Watson stat | 0.263122 | |

Source: secondary data (processed)

Table 5 related the coefficient of determination (R^2) is 0.058523 or 5.85%. The coefficient of determination test can be seen from the Adjusted R-Square value. The coefficient of determination test (R^2) results show that the value of R^2 is 0.058523, which means that the variables of firm age, firm size and profitability can explain the Islamic social reporting disclosure variable of 5.85%. In comparison, the remaining 94.15% is explained by other variables outside the model study. Based on the Table 5, the panel data regression equation can be formulated as follows: $ISR = 0.653884 + 0.005487 \text{ Age} - 0.000164 \text{ Size} - 0.120660 \text{ Profitability}$

The t-test was used to determine whether each independent variable included in the model (partial) effect on the dependent variable. Table 5 related the

t-value for each variable can be seen. The t-test can be seen by comparing the value of the t-count > t-table. The t-value of the firm age variable is $2.053380 > 2.05183$, which means it has an effect. The t-value of the firm size variable is $-0.054507 < 2.05183$, which means it has no effect. The t-value of the profitability variable is $-1.032801 < 2.05183$, which means it has no effect. So, the results of the t-test show that the t-value of the firm age variable > t-table, which means that the firm's age variable affects the disclosure of Islamic Social Reporting. t-count value of firm size and profitability variables < t table, which means that the firm size and profitability variables do not affect the disclosure of Islamic Social Reporting.

Discussion

Firm Age has a significantly positive effect on disclosure of Islamic Social Reporting

The coefficient of the variable firm age is obtained at 0.005487 with a positive coefficient direction and a probability value of 0.0502. The probability value < 0.05 means that the firm age has a positive and significant effect on the disclosure of Islamic Social Reporting so that H_1 is accepted. This study shows that the longer the firm age, the wider the disclosure of Islamic Social Reporting will be.

The firm age that is getting older shows the level of maturity so that a company that is longer in existence makes the company gain more trust from investors and can affect the company's annual report because companies that have been around for a long time usually have more information related to the development and growth of the company. In addition, the company is wider in showing information as a form of responsibility to its stakeholders.

The results of this study are in line with state that the age of the company has a positive and significant effect on the disclosure of Islamic Social Reporting, which means that the greater the firm age, in this case, the Islamic bank, the wider the disclosure of ISR (Nadlifiyah & Laila, 2017; Prasetyoningrum, 2019). Thus, H_1 in the study was accepted, and H_0 was rejected.

Firm Size has no significant negative effect on Disclosure of Islamic Social Reporting

The variable coefficient of firm size is -0.000164 with a negative coefficient direction and a probability value of 0.9569. The probability value > 0.05 means that the firm size does not have a significant negative effect on the disclosure of Islamic Social Reporting, so H_1 is rejected. This study shows that the firm size does not affect the disclosure of Islamic Social Reporting.

In Islamic banking companies, the disclosure of Islamic Social Reporting is not only based on the firm size, which is calculated by the company's total assets. The firm's total assets are not the only Islamic Social Reporting disclosure source. Because to assess the good or bad of a firm not only be seen from the total assets. However, one can be seen from the company's income statement. The disclosure of ISR information has become an obligation as a form of accountability to Allah SWT and to meet the needs of Muslim stakeholders.

The results of this study are in line with the state that company size has a negative and insignificant effect on Islamic Social Reporting disclosure (S. Lestari, 2016; Nadlifiyah & Laila, 2017), H_2 in this study was rejected, and H_0 was accepted.

¹
Profitability has no significant positive effect on Disclosure of Islamic Social Reporting

The coefficient of profitability variable obtained is -0.120660 with a negative coefficient direction and a probability value of 0.3112. The probability value > 0.05 means that profitability does not significantly affect Islamic Social Reporting disclosure, so H_3 is rejected. The results of this study indicate that the level of profitability is not a guarantee that the company will further increase the disclosure of Islamic Social Reporting information because, in the view of Islam, companies that have the intention to make full disclosures will not consider whether the company is in a profit or loss condition (Haniffa, 2002; Setiawan et al., 2016). This is like research related by several researchers which state that profitability has a positive and insignificant effect on disclosure of Islamic Social Reporting (Prasetyoningrum, 2019; Ramadani et al., 2016; Rosiana et al., 2015; Umiyati & Baiquni, 2018).

⁷ CONCLUSION

Based on the results of testing and discussion, the conclusions of this study are as below's: ³

1. The firm age has a significant positive effect on the disclosure of Islamic social reporting, as evidenced by the coefficient firm age of 0.005487 with a positive coefficient direction and a probability value of $0.0502 < 0.05$, because firm age that has been around for a long time have more information related to growth and development of the firm.
2. The firm size does not affect the disclosure of Islamic social reporting, as evidenced by the coefficient firm size of -0.000164 with a negative coefficient direction and a probability value of $0.9569 > 0.05$, because the firm size of total assets is not the only source in the disclosure of ISR, to assess the good and bad of the firm cannot be seen only from the total assets.
3. Profitability does not affect the disclosure of Islamic social reporting, as evidenced by the coefficient of profitability statistic test of -0.120660 with a negative coefficient direction and a probability value of $0.3112 > 0.05$. Profitability is not a guarantee that the firm will further increase Islamic social reporting information disclosure in the view of Islamic companies that have the intention to make full disclosures will not consider whether the company is in a profit or loss condition.

Suggestions for further research, namely adding other independent variables, adding research samples using Islamic Commercial Banks (BUS), Sharia Business Units (UUS), Islamic Rural Bank (BPRS), and other sharia-based companies Extending the research period so that the results are better right.

FACTORS OF ISLAMIC SOCIAL REPORTING DISCLOSURE OF INDONESIAN ISLAMIC COMMERCIAL BANKS FACING THE COVID-19 PANDEMIC

ORIGINALITY REPORT

23%

SIMILARITY INDEX

21%

INTERNET SOURCES

24%

PUBLICATIONS

15%

STUDENT PAPERS

PRIMARY SOURCES

| | | |
|---|--|----|
| 1 | Vivi Nor Khoiriyah, Kautsar Riza Salman. "The Effect of the Maqashid Sharia Index, Company Size, and Company Age on Islamic Social Reporting", Muqtasid: Jurnal Ekonomi dan Perbankan Syariah, 2020 Publication | 3% |
| 2 | journal.perbanas.ac.id Internet Source | 2% |
| 3 | www.easpublisher.com Internet Source | 2% |
| 4 | Submitted to Sriwijaya University Student Paper | 1% |
| 5 | www.m.growingscience.com Internet Source | 1% |
| 6 | journal.uinjkt.ac.id Internet Source | 1% |
| 7 | Submitted to Universitas Jenderal Soedirman Student Paper | 1% |

| | | |
|----|---|------|
| 8 | ekonomis.unbari.ac.id Internet Source | 1 % |
| 9 | aimos.ugm.ac.id Internet Source | 1 % |
| 10 | Submitted to Universitas Pelita Harapan Student Paper | 1 % |
| 11 | media.neliti.com Internet Source | 1 % |
| 12 | www.maybank.co.id Internet Source | 1 % |
| 13 | www.ijstr.org Internet Source | 1 % |
| 14 | Submitted to Universitas Muhammadiyah Yogyakarta Student Paper | 1 % |
| 15 | rjoas.com Internet Source | <1 % |
| 16 | jurnal.stiekn.ac.id Internet Source | <1 % |
| 17 | www.ijsr.net Internet Source | <1 % |
| 18 | ejbmr.org Internet Source | <1 % |
| 19 | core.ac.uk Internet Source | <1 % |

<1 %

20

ijebe.feb.unila.ac.id

Internet Source

<1 %

21

Nurdin Nurdin, Mir'atun Mir'atun. "DO GOVERNMENT AND PRIVATE SHARIA COMMERCIAL BANKS PRACTICE SIMILAR FINANCIAL SOCIAL RESPONSIBILITY DISCLOSURE?", HUNAFA: Jurnal Studia Islamika, 2018

Publication

<1 %

22

A. Razak, Febrian Vingky Nurfitriana, Desty Wana, Ramli Ramli, Ismail Umar, Endri Endri. "The Effects of Financial Performance on Stock Returns: Evidence of Machine and Heavy Equipment Companies in Indonesia", Research in World Economy, 2020

Publication

<1 %

23

Submitted to Institute of Graduate Studies, UiTM

Student Paper

<1 %

24

Jaka Darmawan, Widya Eka Saputri. "Faktor-Faktor Ekonomi yang Mempengaruhi Pengungkapan Islamic Social Reporting", Jurnal Ekonomi Pembangunan, 2020

Publication

<1 %

25 Risma Ayu Kinanti, Ririn Tri Ratnasari, Anidah Robani, Tika Widiastuti, Raditya Sukmana. "INTELLECTUAL CAPITAL AND ISLAMIC SOSIAL REPORTING INDEX: THE CASE OF INDONESIAN ISLAMIC BANKING", Humanities & Social Sciences Reviews, 2020
Publication

26 Cahyo Indraswono, Anggreni Dian Kurniawati. "Manufacturing Corporate Life Cycle and Discretionary Accruals with Piecewise Linear Model", Media Ekonomi dan Manajemen, 2020
Publication

27 Kuat Waluyo Jati, Linda Agustina, Indah Mulasari, Diah Armeliza. "Islamic social reporting disclosure as a form of social responsibility of Islamic banks in Indonesia", Banks and Bank Systems, 2020
Publication

28 Submitted to Universitas Merdeka Malang
Student Paper

29 ijbmi.org
Internet Source

30 adoc.pub
Internet Source

31 dinastipub.org
Internet Source

Exclude quotes Off

Exclude matches < 20 words

Exclude bibliography Off