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The Influence of Intellectual Capital and Islamicity Performance Index on Islamic Social Reporting Disclosures

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Abstract

This study aims to determine the influence of Intellectual Capital and the Islamicity Performance Index on Islamic Social Reporting Disclosures. The research sample used Islamic commercial banks registered with the Financial Services Authority (OJK) for the 2009-2021 period. The sampling technique used purposive sampling and the number of research data was 154 data. Technical data analysis using multiple linear regression analysis using SPSS. The results of the hypothesis test show that the Profit-Sharing Ratio has a positive effect on ISR disclosure, this is because profit is a benchmark for the company's ability to make a profit. Where the profit shows that the company's financial condition is in a strong state so it tends to disclose a broader social accountability report. Zakat Performance Ratio has a positive influence on Islamic Social Reporting disclosure, this proves that the performance of Islamic banking can be seen from zakat activities managed by banks. For variable Equitable Distribution Ratio, Directors- Employees Welfare Ratio, Islamic Income vs Non-Islamic Income, and Islamic Investment vs non-Islamic investment do not affect the disclosure of ISR, this is because the distribution of income carried out by Islamic banks, the comparison of salaries of directors and employees, the comparison of income and halal or non-halal investments has no effect e disclosure of the social responsibility of Islamic banking. Intellectual Capital does not affect the disclosure of ISR, this shows that the utilization of the value of Islamic banking Intellectual Capital for ISR disclosure has not been maximized.

Keywords : *Intellectual Capital, Islamicity Performance Index, Islamic Social Reporting.*

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1. INTRODUCTION

The existence of Islamic commercial banks in Indonesia continues to increase, indicating that the products offered can attract public interest in using Islamic bank financial services (Pratama et al, 2020). The growth of Islamic banks can be seen from the total assets that continue to increase every year, namely 451.370 billion as of July 2022 (Otoritas Jasa Keuangan, 2022). In addition, the increasing awareness of the Muslim community to report disclosures of banking social responsibility can be assessed following Islamic principles (Rimayati et al, 2022). The existence of this factor encourages Islamic banks to present transparent information and disclose information about social responsibility following Islamic principles. (Haniffa, 2002).

Disclosure of social responsibility in Islamic banking is required to have spiritual values such as its operations are carried out based on sharia principles, morals, ethics, and social responsibility as a form of obedience to God's commands and a form of responsibility to investors, employees, customers, the environment, and society (Dusuki, 2008). Social responsibility reporting used in Islamic banks has certainly been adjusted to Islamic creeds known as Islamic Social Reporting. The ISR is expected to imply accounting practices and concepts that are following Islamic principles so that they can provide progress in the Islamic economy and honest and fair business practices. (Tri & Pramono, 2022).

*Islamic Social Reporting (*ISR) is a form of social responsibility carried out by Islamic banking which contains items from Corporate *Social Responsibility*

(CSR) that have been determined by the *Accounting and Auditing Organization* for Islamic Financial (AAOIFI) which was then developed by researchers for the suitability of CSR items in Islamic banking (Astuti, 2014). ISR is used to determine the percentage of social disclosures that are sharia-principled and reported in the annual report (Merina & Verawaty, 2016). ISR disclosure is growing every year because there has been a lot of research on ISR as a form of accountability for a company from an Islamic perspective. (Rismayati et al, 2022).

ISR has disclosure points that are in line with Islamic principles such as not containing elements of usury, gharar, as well as zakat reporting, sharia compliance status, social aspects, and disclosure of organizational governance activities (Rimayanti, 2017). Haniffa's research (2002) developed by Othman et al (2009) found five points of disclosure of the ISR index, namely funding and investment, products and services, employees, community, environment, and corporate government This disclosure was made because there were found to be limitations in conventional social reporting and could be used for decision-making on Muslim sides and the spiritual satisfaction of investors (Fadhila & Haryanti, 2022)

Several factors can influence the disclosure of *Islamic Social Reporting*. The first factor is *Intellectual Capital* (Salsabila et al, 2021). According to Budi & Rahmawati (2019) to get a competitive advantage in a company is very dependent on managing company resources. Resource Based Theory explains that a company's performance will be maximized if the company has a competitive advantage. Therefore, companies began to compete to create conditions to have direct and indirect resources as a form of company business in competing with other companies (Wernerfelt, 1984). It is expected that the company will get *value added* from the effectiveness of using the company's power that is not owned by other companies and is directed to the interests of the company's survival (Nurhayati et al, 2019). *Intellectual Capital* (IC) is a form of ownership of intangible assets for information resources, experience, employee expertise, knowledge, and the ability to have good relations with all parties as a form of the company's efforts in creating competitive capabilities (Susanto & Siswantaya, 2014). Companies that focus on improving ICs have obtained good results for *stakeholders* and superiority in competition (Proctor et al., 2006). The use of ICs can also be used to disclose ISRs because competitive volatility can be judged by how well the company is at social responsibility (Kamath, 2007).

Research on the influence of Intellectual Capital on the ISR disclosure index includes Musibah and Sulaiman (2014), Haryani and Septiani (2015), Nadila and Annisa (2021), Salsabila et al (2021) which found that *Intellectual Capital* has a positive effect on *Islamic Social Reporting* (ISR) disclosures. The higher the value of *Intellectual Capital* owned by the company, the greater the company's performance to obtain profits including social and environmental responsibility (Salsabila et al, 2021). The results of a different study conducted by Djuanda et al (2019) that *Intellectual Capital* does not affect the disclosure of *Islamic social reporting,* while the results of Nurhikmah's research (2018) state that IC harms ISR.

Another factor that can influence the disclosure of *Islamic Social Reporting* is the *Islamicity Performance Index* (IPI) (Azifah, 2020). *Sharia Enterprise Theory explains the form* of responsibility to its stakeholders in the form of values in actions that are responsible, fair, honest, trustworthy, and trustworthy. This value is an illustration taught by Allah Almighty to his servants in accordance with Islamic principles (Fatmala & Wirman, 2021). IPI is one of the methods used to measure the performance of Islamic banks. The performance of Islamic banking is not measured by financial performance alone but is also judged by its social and environmental responsibility (Brilyanti, 2017). However, nowadays the measurement of social responsibility tends to pay more attention to its materialism without looking at spiritual values (Fahmiyah et al, 2016). Hammed et al (2004) have developed an index called the *Islamicity Performance Index* which aims to assist interested parties in assessing and evaluating the performance of Islamic banking in the financial sector with the principles of fairness, halalness, and purification. According to research by Hameed et al (2004) IPI has seven ratios used, namely *Profit-Sharing* Ratio (PSR), *Zakat performance* Ratio (ZPR), *Equitable Distribution* Ratio (EDR), *Directors- Employees Welfare Ratio* (EDWR), Islamic Income vs Non-Islamic Income (IIC), *Islamic Investment vs non-Islamic investment* (IIV) and the AAOIFI Index. This study only uses six ratios because the AAOIFI index has no effect on overall performance and these ratios are qualitative considerations and are not yet available in the financial statements of Islamic banks in Indonesia (Khasanah, 2016).

The research of Azifah (2020) and Kurniawan & Suliyanto (2013) concluded that the zakat performance *ratio* and *Directors- Employees Welfare Ratio* positively affect ISR disclosure because the higher the level of zakat and the equalization of employee welfare will encourage the success of the financial performance and social responsibility. Meanwhile, *Profit Sharing Ratio, Equitable Distribution Ratio, and Islamic Income vs Non-Islamic Income* do not influence ISR. Meanwhile, a study conducted by Fahmiyah et al (2016) obtained results that the *Profit-Sharing* Ratio *and Equitable Distribution Ratio* had a positive influence on ISR disclosure, *but in contrast to ZPR, EDWR, IIV, IIC which did not affect ISR disclosure.*

This research is a development of Azifah's research (2020) on the Analysis of the Effect of *the Islamicity Financial Performance Index* on Islamic *Social Reporting* Disclosures. The difference between this research and previous research is by adding *Intellectual Capital* to assess whether superior competitive advantage with *intellectual capital* can have a good influence on ISR disclosure. The existence of these differences requires retesting the influence of the *Intellectual Capital* and *Islamicity Performance Index* on the disclosure of *Islamic Social Reporting* (ISR). This study selected a sample of Islamic commercial bank companies registered with the Financial Services Authority (OJK). The research period used in this study is from 2009-2021 based on Bank Indonesia Regulation Number 11/3/PBI/2009 which is a refinement of the regulations of Law Number 21 of 2008 concerning sharia commercial banks that have been adjusted (Otoritas Jasa Keuangan, 2022).

The influence of *Intellectual Capital* on *Islamic Social Reporting* disclosure

According to RBT theory, a company can create a competitive advantage if it has superior resources (Wijayani, 2017). The resource referred to in this study is *intellectual capital*. *Intellectual Capital* (IC) is a collection of assets that cannot be seen but become very useful for a company, such as brands, patents, employee knowledge, the ability to establish good relations with parties outside the company, and experiences that are not included in financial statements (Salsabila et al, 2021). Intellectual capital is used as a review to influence the ISR of Islamic banks. Managers can utilize IC for better social activities. The better the intellectual capital controlled by the company, the better the company's ability to obtain competitive profits including social and environmental responsibility (Musibah & Sulaiman, 2014).

Intellectual Capital is believed to play a role in the disclosure of social responsibility. This result is supported by research on Intellectual Capital, including Musibah and Alfatani (2013), Musibah, et al (2014), Haryani and Septiani (2015), Nadila and Annisa (2021), Salsabila, et al (2021) which found that *Intellectual Capital* has a positive effect on the disclosure of *Islamic Social Reporting* (ISR).

H1: *Intellectual Capital* positively affects the disclosure of *Islamic Social Reporting*.

The influence of the *Islamicity Performance Index* on *Islamic Social Reporting* disclosure

Among other financial ratios, profitability is a factor in the company's attractiveness to stakeholders (Syahbani, 2018). *The Profit Sharing Ratio* is used to identify profit sharing which is a form of how far Islamic banks have managed to achieve their goals for existence (Khasanah, 2016). Profit sharing is obtained from the calculation of the net revenue share which has been deducted from all company costs. The profit generated by the company is one of the determining factors for how much zakat is issued as an instrument in accounting for business activities to Allah SWT. With higher profits, zakat payments will also have a better effect (Wardani et al, 2020). In addition, the high-profit generation means that the company's finances are in good condition so the distribution of ISR must also be wider. (Amran & S, 2008). With this, it is hoped that high and equitable profit sharing can increase isr disclosures in Islamic banks. This research was supported by Fahmiyah et al (2016) who obtained the result that PSR had a positive effect on ISR leverage.

According to Hameed et al (2004), high bank wealth must be balanced with large zakat also because zakat payments are a goal in Islamic accounting. Zakat is used as a strategy for forming a good image for the company and subsequently as the basis for the social responsibility of Islamic banks (Maisaroh, 2015). Zakat performance is an obligation and responsibility to fellow human beings and God, if a company has a high level of zakat means a high commitment to the

ISR (Kurniawan & Suliyanto, 2013). This is in line with research conducted by Azifah (2020) and Fatmala and Wirman (2021) which found that *the Zakat Performance Ratio* has a positive effect on ISR disclosure. Sharia accounting activities not only ensure profit sharing but also must ensure that income is distributed equally to all parties. By using an *equitable distribution ratio*, it can be obtained how well Islamic banks distribute income to interested parties for humanitarian or welfare activities such as donations, qardh funds, and employee expenses (Hameed et al., 2004). Equitable distribution can be a medium for companies to realize justice to meet the needs of the community, can have a positive impact on the company, create a good impression with everyone, reduce income gaps and make assets can be utilized properly (Noor, 2012). Fahmiyah's research (2016) resulted in an *equitable distribution ratio* having a positive effect on the disclosure of *Islamic Social Reporting*.

Furthermore, in carrying out its operational activities, it must also measure the extent to which the company is consistent in equalizing the welfare of its employees. By comparing the director's salary with other employees (Hameed et al., 2004). Welfare is a form of repayment for the efforts of its employees to maintain productivity of its employees (Fahmiyah et al, 2016). In Azifah's research, 2020 DEWR has a significant influence on the disclosure of *Islamic Social Reporting* because the better the welfare of employees, the better the company's productivity. Measuring the amount of Islamic banking investment and ascertaining whether the investment contains elements that are not following Islam to be able to realize the meaning of sharia enterprise theory which explains that all activities must be accountable to Allah SWT. This ratio is expected to be able to reveal the ISR because one of the ISR indices must be based on the principle of not containing usury (Fahmiyah et al, 2016). In addition to comparing investments, comparing the bank's halal income and the overall income earned by banks, both halal and non-halal. Islamic banks can receive non-halal income such as current account services, interest, or fines from conventional banks, but should not be added to operating income but rather add to the retention of the benevolence fund report (Azifah, 2020). In Fahmiyah's research, et al (2016) stated that IIC has a positive influence on ISR disclosure.

H2: *Profit Sharing Ratio* (PSR) has a positive effect on *Islamic Social Reporting.*

H3: Zakat Performance Ratio (ZPR) has a positive effect on Islamic Social Reporting.

H4: *Equitable Distribution Ratio* (EPR) has a positive effect on *Islamic Social Reporting*.

H5: *The Directors-Employees Welfare Ratio* (DEWR) positively affects *Islamic Social Reporting*.

H6: Islamic Investment *vs Non-Islamic Investment* has a positive effect on *Islamic Social Reporting*.

H7: Islamic Income *vs Non-Islamic Income* has a positive effect on *Islamic Social Reporting.*

2. METHOD

The researcher chose secondary data as the data studied. According to Suliyanto (2018), secondary data is data that has been processed and obtained indirectly by the subject under study but through a third party. Generally, this secondary data can be in the form of financial statements, evidence, and records obtained on internet sites. The source of this research data was obtained from the annual report of Islamic banking registered with the Financial Services Authority (OJK) for the 2009-2021 period published on each Islamic banking website and the results of previous research and relevant literature. This study used a purposive data collection method with pooled unbalanced samples or used all samples even though the number of years was not balanced.

a. Intellectual Capital (X_1)

Intellectual Capital is a company resource that is included in that serves to create a superior and competitive company (Nurhikmah, 2018). The measurement of *intellectual capital* used is Value Added Intellectual Coefficients developed by Pulic 1998. The variables used to measure *Intellectual Capital* refer to general research (Ulum, 2013)

iB VAIC = iB VACA + iB VAHU + iB STVA

Dimana:

iB VAIC	=	Value added intellectual coefficient
iB VACA	=	VA / CE (coefficient of capital efficiency of the enterprise)
iB VAHU	=	VA / HC (coefficient of efficiency of human capital)
iB STVA	=	SC / VA (coefficient of structural capital efficiency)

VA = OUT (total revenue) – IN ((Operating profit/Operating Profit) + EC (employee burden) + D (Depreciation) + A (amortizes)).
HC = Employee Burden
SC = iB VA− HC (Modal structural)
CE = Dana yang tersedia (Total equity)

b. Islamicity Performance Index

Islamicity Performance Index is a measure that can show the material value and sharia value in Islamic banking (Fatmala & Wirman, 2021). The use of the Islamicity Performance Index can make it easier for stakeholders to see the performance of Islamic banks through profit sharing ratios, zakat ratios, fair distribution, equalization of employee salaries, comparing halal and non-halal investments, and comparing halal and non-halal income. From these ratios, it will be seen the existence of the principles of justice, obedience, purification, and halalness of Islamic banks. This research uses measurements that have been developed by Hameed et al (2004).

- Profit sharing ratio (PSR) (X_2)
  The profit-sharing ratio is the purpose of Islamic banks, namely to see how competent Islamic banking can meet their existence towards profit sharing (Hameed et al., 2004).
  $$PSR = \frac{Mudharabah + Musyarakah}{Total\ Financing}\ x\ 100\%$$
- Zakat performance ratio (ZPR) (X_3)
  The Zakat performance ratio is a ratio used to measure the size of zakat issued by Islamic banks (Hameed et al, 2004)
  $$ZPR = \frac{Total\ Final\ Zakat\ Fund}{Total\ Net\ Assets}\ x\ 100\%$$
- *Equitable distribution ratio* (EDR) (X_4)
  The equitable distribution ratio is a measurement set to determine the equitable distribution of Islamic bank income distributed to stakeholders in terms of expenditures for donations, qardh, employee expenses, etc. (Hameed et al, 2004).
  $$EDR = \frac{Qardh + Donation + Salary\ Expense + Dividend + Net\ Profit}{Income - (Zakat + Tax)}\ x\ 100\%$$
- Directors- Employees Welfare Ratio (EDWR) (X_5)
  Directors- employees welfare ratio is a ratio set to measure the equality of employees (Hameed et al, 2004).
  $$DEW = \frac{\bar{x}\ Director's\ Salary}{\bar{x}\ Permanent\ Employee\ Salary}\ x\ 100\%$$
- Islamic Investment vs non-Islamic Investment (IISR) (X_6)
  Islamic investment vs non-Islamic investment is a ratio used by Islamic banks to compare all investments including halal and non-halal investments (Hameed et al, 2004).
  $$IIV = \frac{Halal\ Investment}{Halal\ Investment + Non\ Halal\ Investment}\ x\ 100\%$$
- Islamic income vs non-Islamic income (IIC) (X_7)
  Islamic income vs non-Islamic income is the ratio used by Syariah banks to compare halal income with overall income including non-halal income (Hameed et al, 2004).
  $$IIC = \frac{Halal\ Income}{Halal\ Income\ +\ Non\ Halal\ Income}\ x\ 100\%$$

c. Islamic Social Reporting (Y)

In disclosing Islamic Social Reporting on the annual report of Islamic commercial banks, researchers use the Islamic Social Reporting index. The indicators used in ISR disclosures are guided by research (Haniffa, 2002) which was later developed again by (Othman et al, 2009).

Islamic Social Reporting measurement in this study uses an ISR index consisting of 43 disclosure items in the Merina & Verawaty (2016) study. The assessment of Islamic Social Reporting is by looking at the social activities in the annual financial report and then providing a score of "1" if the item is disclosed and a score of "0" for undisclosed items (Azifah, 2020). As for the ISR calculation formula (Azifah, 2020):

$$\boldsymbol{ISR = \frac{\sum xi}{n}\ x\ 100\%}$$

Description:
ISR : *Islamic Social Reporting*
n : Number of disclosure items, n = 43
$\sum xi$: Total items disclosed, score = 1 if item i is disclosed, and score = 0 if item i is not disclosed

ANALYSIS TECHNIQUE

It uses technical analysis of multiple regression data. The multiple regression analysis methods are used to know the influence of the free variable on bound variables (Ghozali, 2013). The following multiple linear regression models in this study are:

ISR = α + β_1IC + β_2PSR + β_3ZPR+ β_4EDR + β_5EDWR + β_6IISR + β_6IICR + ε

Description:
ISR : *Islamic Social Reporting*

α	: Konstata
β_1 β_2 $\beta_3\beta_4\beta_5\beta_6\beta_7$	: Regression coefficient
IC	: *Intellectual Capital*
PSR	: *Profit sharing ratio*
ZPR	: *Zakat performance ratio*
EDR	: *Equitable distribution ratio*
EDWR	: *Directors-employees welfare ratio*
IISR	: *Islamic Investment vs Non-Islamic Invesment*
IICR	: *Islamic income vs non-islamic income*
ε	: *Error term*

3. RESULTS AND DISCUSSION

3.1. Results

Descriptive Statistical Analysis

Descriptive statistical analysis is used to find out an overview of the distribution of the main values or reaction-related characteristics of each of the research variables. The value of the standard deviation can be considered an indicator of data dispersion. A smaller standard deviation indicates that the data is closer to the average value. The following can be seen in table 1 regarding descriptive statistical analysis.

Table 1. Descriptive Statistical Test

Variable	N	Min	Max	Mean	Std. Deviation
IC	154	-10,0522	103,9765	3,847391	9,9877928
PSR	154	0,0000	1,0927	0,453596	0,3205766
ZPR	154	0,0000	0,0008	0,000143	0,0001900
EDR	154	-1,2891	1,0593	0,327256	0,2395198
DEWR	154	0,0075	0,7454	0,136577	0,1474401
IIV	154	0,2217	0,5000	0,464003	0,0501507
IIC	154	0,9912	1,0000	0,999725	0,0007955
ISR	154	0,0000	0,6744	0,441709	0,1411092
Valid N (listwise)	154				

(Source: SPSS 25 data processed in 2022)

Based on the results of the descriptive statistics above, it shows that testing of 154 amatan samples shows that Islamic Social Performance has an average value (mean) of 0.441709 which shows that ISR disclosures in Islamic commercial banks are 44.17% of the total disclosure indikator. Meanwhile, Intellectual Capital has an average value (mean) of 3.8473. With a small average IC value, it can be said that the company has not optimally used the IC in measuring and assessing the company's performance (Pratama et al, 2020). Furthermore, the Islamicity Performance Index has an average value (mean) for PSR, ZPR, EDR, DEWR, IIV, IIC of 0.453596, 0.000143, 0.327256, 0.136577, 0.464003, 0.999725, 0.441709.

Normality Test

Table 2. Kolmogrov-Smirnov Test Results

	Standardized Residual
Asymp Sig. (2-tailed)	0,065c

(Source: SPSS 25 data processed in 2022)

The results of the table above show that this study has a residual value. This means that the data is normal because the Asymp Sig (2-tailed) value of 0.065 is greater than 0.05.

Multicollinearity Test

Table 3. Multicollinearity Test Results

Collinearity Statistics	
Tolerance	VIF
0,975	1,025
0,843	1,186
0,856	1,168
0,892	1,121
0,439	2,280
0,455	2,200
0,970	1,031

(Source: SPSS 25 data processed in 2022)

The results of the table above obtained a VIF value of less than 10 on all variables which means that there are no symptoms of multicholinearity in the model.

Heteroskedasticity Test

Table 4. Heteroskedasticity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std.Error	Beta		
1	(Constant)	-9,086	7,255		-1,252	0,212
	IC	-9,958	0,001	-0,014	-0,173	0,863
	PSR	-0,002	0,020	-0,007	-0,082	0,935
	ZPR	-26,203	32,395	-0,072	-0,809	0,420
	EDR	0,027	0,025	0,093	1,073	0,285
	DEWR	-0,014	0,058	-0,029	-0,233	0,816
	IIV	-0,056	0,168	-0,040	-0,330	0,742
	IIC	9,211	7,252	0,106	1,270	0,206

(Source: SPSS 25 data processed in 2022)

According to the table in has obtained the result that the significant value of all variables is more than 0.05. From this, it follows that the model shows no indication of heteroskedasticity.

Autocorrelation Test

Table 5. Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. error of the Estimate	Durbin-Watson
1	0,504[a]	0,186	0,186	0,18307	1,915

(Source: SPSS 25 data processed in 2022)

Based on the table above, shows that the value of Durbin Watson obtained is 1.915. The dU value is 1.8323 and the 4-dU value is 2.1677. From the obtained values it can be concluded that the model does not show any symptoms of autocorrelation.

Multiple Linear Regression Analysis

Table 6. Multiple Linear Regression Analysis

Coefficients[a]

	Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
1		B	Std.Error			
	(Constant)	14,045	12,812		1,096	0,275
	IC	-0,001	0,001	-0,081	-1,052	0,295
	PSR	0,086	0,035	0,204	2,453	0,015
	ZPR	236,849	57,209	0,341	4,140	0,000
	EDR	0,007	0,045	0,013	0,159	0,874
	DEWR	-0,076	0,103	-0,085	-0,737	0,462
	IIV	0,111	0,297	0,042	0,372	0,710
	IIC	-13,713	12,806	-0,083	-1,071	0,286

(Source: SPSS 25 data processed in 2022)

According to the results of the regression coefficient in table 7, then obtain a model of the multiple linear regression equation as follows:

ISR = 14,045 - 0,0001*IC* + 0,086*PSR* + 236,849*ZPR* + 0,007*EDR* - 0,076*DEWR* + 0,111*IIV* - 13,713*IIC* + ε

Determinant Test Results (Adjusted R^2)

Table 7. R-Square Adjusted Test Results

Model	R Square	Adjusted R Square
1	0,164	0,124

(Source: SPSS 25 data processed in 2022)

According to the table above, the Adjusted R Square value was obtained by 0.124 or 12.4%. The results show that the disclosure of Islamic Social Reporting can be explained by the variables Intellectual Capital, Profit sharing ratio, Zakat performance ratio, Equitable distribution ratio, Directors- Employees Welfare Ratio, Islamic income vs non-Islamic income, and Islamic Investment vs non-Islamic investment by 12.4%, while it can be explained by other variables outside the regression model of 87.6%.

Statistical Test Results F

Table 8. R-Square Adjusted Test Results

Model	F	Sig.
1	4,409	0,000[b]

(Source: SPSS 25 data processed in 2022)

From the results of the table above, it is known that the calculated F value of 4.409 and the significance value of 0.000 means that the significance value < 0.05. So, the model is feasible to be used to predict the influence of Intellectual Capital, Profit sharing ratio, Zakat performance ratio, Equitable distribution ratio, Directors- Employees Welfare Ratio, Islamic income vs non-Islamic income, and Islamic Investment vs non-Islamic investment.

Statistical Test Results t

Table 10. Statistical Test Results t

	Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std.Error			
1	(Constant)	14,045	12,812		1,096	0,275
	IC	-0,001	0,001	-0,081	-1,052	0,295
	PSR	0,086	0,035	0,204	2,453	0,015
	ZPR	236,849	57,209	0,341	4,140	0,000
	EDR	0,007	0,045	0,013	0,159	0,874
	DEWR	-0,076	0,103	-0,085	-0,737	0,462
	IIV	0,111	0,297	0,042	0,372	0,710
	IIC	-13,713	12,806	-0,083	-1,071	0,286

(Source: SPSS 25 data processed in 2022)

The above table obtained calculated t values for Intellectual Capital of -1,052, PSR of 2,453, ZPR of 4,140, EDR of 0.159, DEWR of -0.737, IIV of 0.372, and IIC of -1.071. The number of samples in study 154 resulted in a degree of freedom df = 146 with a significance value of 5% so a t table value of 1.97635 was obtained.

3.2. Discussion

The results of the significance value of 0.295 > 0.05. These results show that the *Intellectual Capital* variable does not influence the disclosure of *Islamic Social Reporting*. This is evidenced by the value of t count < t table which is -1.052 < 1.97635, the conclusion is obtained that the first hypothesis is rejected. This shows that *Intellectual Capital* has not been used optimally to disclose the social responsibility of Islamic commercial banks (Musibah & Sulaiman, 2014). Judging from the average value obtained, it is still relatively small at 3.847391. This result is strengthened by the research of Djuanda et al (2019), Nurhikmah et al (2018), and Musibah and Wan (2014) which states that *Intellectual Capital* cannot reveal ISR in sharia banks.

The results of the t-test above show the value of the profit-sharing ratio regression coefficient of 0.086 with a positive direction and a significance value of 0.015 < 0.05. These results show that the variable profit-sharing ratio affects the disclosure of Islamic Social Reporting positively. This is evidenced by the result of t count > t table which is 2.453 > 1.97635, the conclusion is obtained that the second hypothesis is accepted. Profit sharing that is widely used in Islamic banks mudharabah and musyarakah. This shows that the greater the revenue share of the resulting banking system, the more it can affect the disclosure of Islamic Social Reporting of Islamic commercial banks (Fahmiyah et al, 2016). This is in line with the research of fahmiyah et al (2016) which obtained the result that the profit-sharing ratio has a positive effect on the disclosure of Islamic Social Reporting.

The results of the t-test above show the value of the regression coefficient in the zakat performance ratio of 236.849 with a positive direction and a significance value of 0.000 < 0.05. These results show that the zakat performance ratio variable affects the disclosure of Islamic Social Reporting positively. This is evidenced by the value of t count > t table which is 4,140 > 1.97635, the conclusion is obtained that the third hypothesis is accepted. Zakat is the third pillar of Islam; therefore, zakat is used as one of the purposes of sharia accounting. The management of zakat funds in Indonesia has been regulated in PSAK 109 which must be presented in the financial statements of Islamic finance as a form of fulfillment to the community (Muhammad, 2008). This is a depiction that Islamic banks must also carry out Sharia activities apart from their business activities such as distributing zakat to people who are entitled to receive (Fatmala & Wirman, 2021). This is in line with research conducted by Azifah (2020), Fatmala and Wirman (2021), and Kurniawan & Suliyanto (2013) which found that *zakat performance ratio* can affect the disclosure of *Islamic Social Reporting*.

The results of the significance value of 0.874 > 0.05. These results show that the variable equitable distribution ratio does not influence Islamic Social Reporting. This is evidenced by the value of t count < t of the table which is 0.159 < 1.97635, the conclusion is obtained that the fourth hypothesis is rejected. Equitable distribution is one way to realize justice (Noor, 2012). It can be seen from the value of the coefficient obtained the degree of uneven distribution. The high level of EDR equity carried out will have an impact on the disclosure of good social responsibility in line with Azifah's research (2020) which shows that the *equitable distribution ratio* does not affect the disclosure of *Islamic Social Reporting*.

The results of the significance value of 0.462 > 0.05. The results show that the directors-employees welfare ratio variable does not affect the disclosure of Islamic Social Reporting. This is evidenced by the value of t count < t table which is -0.737 < 1.97635, it can be concluded that the fifth hypothesis is rejected. Based on the results obtained, this is due to an imbalance in the income obtained between directors and employees, which affects the performance of Islamic banks so ISR disclosures are also affected. The same Penelitian results were also carried out by felani et al (2020) and Fahmiyah et al (2016) who obtained the result that the *directors-employees welfare ratio* could not disclose the disclosure of *Islamic Social Reporting*.

The results of the significance value of 0.710 > 0.05. These results show that the variable Islamic investment vs non-Islamic investment cannot affect the disclosure of Islamic Social Reporting. This is evidenced by the value of t count < t table which is 0.159 < 1.97635, the conclusion is obtained that the sixth hypothesis is rejected. Sharia Supervisory Board in all Islamic financial institutions supervise and ensures that activities are carried out following Islamic principles (Khasanah, 2016). DPS will ensure that non-halal investments are not present in banking transactions. In research Felani et al (2020) and Fahmiyah (2016) found that Islamic investment *vs non-Islamic investment* had no significant effect on the disclosure of *Islamic social reporting*.

The results of the significance value are 0.286 > 0.05. These results show that the variable Islamic income vs non-Islamic income does not affect the disclosure of Islamic Social Reporting. This is evidenced by the value of t count < t table which is -1.071 < 1.97635, the conclusion is obtained that the seventh hypothesis is rejected. It can be concluded that operating income cannot affect the social responsibility that occurs in Islamic banking. Non-halal income is sourced from banking and social benevolence funds that have been included in the qardhul hasan report (Azifah, 2020). The research of

Felani, et al (2020) and Azifah (2020) also did not find that Islamic income *vs non-islamic income* could not explain the effect of IIC on the disclosure of *Islamic Social Reporting*.

4. CONCLUSION

The conclusions obtained from the research that has been carried out are that the profit-sharing ratio and zakat performance ratio have a significant positive effect on ISR disclosure, which shows that good profit sharing and appropriate zakat distribution can affect ISR disclosure. As for equitable distribution ratio, directors-employees welfare ratios, Islamic investment vs non-Islamic investment, and Islamic income vs non-Islamic income have not been able to show an empirical influence on ISR disclosures. Judging from the Adjusted R Square which has a value of 12.4% and the remaining 87.6%, it can be explained that other variables outside the research model. From the limitations of the research and the conclusions that have been explained, the next research can add other variables such as environmental performance or Islamic corporate governance.

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