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Awareness to the Islamic Social Reporting (ISR) disclosure: a case study in companies listed in Jakarta Islamic Index (JII)

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ABSTRACT

The Muslim community in Indonesia is the party that has the right to get information about the activities carried out by companies in Indonesia. There are not many studies that conduct research on ISR disclosure for companies in Indonesia. This study aims to analyze the disclosure of corporate social responsibility in sharia and its determinants. The data used is the annual report of 22 companies registered with JII from period 2015 - 2018. The research method used is content analysis. The findings of this study that all explanatory variables which include liquidity, profitability, type of industry, firm size and firm age significantly affect the disclosure of ISR. Liquidity and profitability have a significant negative effect on ISR disclosure. Industry type, company size, and company age have a significant positive effect on ISR disclosure. The findings of the first two variables indicate that companies tend to disclose ISR when experiencing financial problems because these companies are trying to rebuild the trust of the public through the disclosure of their ISR.



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Introduction

The increasing of awareness from Muslims about sharia knowledge in conducting an economic transaction makes Indonesians need additional information that will give them different views and assessments in fulfilling spiritual needs and providing added value to the firm. Islam has a communication aspect from a holy point of view that is in line with accounting implications (Husein, 2018). Through ISR system, companies can convey their responsibility to God and increase transparency of their activities to the community so the spiritual needs of shareholders and policy makers are met (Haniffa, 2002). CSR is the commitment from firm or business by paying and emphasizing the balance attention between economic, social and environmental aspects (Maali, Casson, & Napier, 2006). CSR be a key part in the companies' strategies in the global level in promoting the sustainable development. ISR answers the need for information about an entity's concern for society and the environment for Muslims who are the largest stakeholders of entities in Indonesia. Comprehensive compliance with Islamic Shariah principles would boost confidence in the general public (Ibrahim, 2018).

Studies on ISR reporting disclosure in banking, especially Islamic banking, have been widely researched (Abadi, Mubarak, & Sholihah, 2020; Hadinata, 2018) but for Islamic non-banking entities whose business activities are carried out in accordance with sharia principles and their efforts to make reports on ISR are still not empirically disclosed. Islamic Social Reporting (ISR) is result of the expansion in social reporting, which covers comprehensively, not only containing high expectations from the community to the role of companies in the economic field, but also focusing on spiritual values or perspectives. The increasing implementation of

CSR should be followed by an increasing in the desire of companies to make sharia social reporting through Islamic Social Reporting (Rizfani & Lubis, 2019). Islamic entities with strong financial conditions should tend to disclose more information related to their sharia social responsibility reports to show external parties that a sharia entity is credible (Kariza, 2014). A firm that has been established for a long time knows more about what information should be disclosed so that stakeholders can get positive influence from the firm. All accounting activities will have an impact on the welfare of the community or have socioeconomic consequences. Nonetheless, the Islamic communication perspective offers an emancipatory link to the accounting paradigm, and hence, its reporting practice proposes to include more stakeholders, and also offers opportunities to take part outside of economic influence (Husein, 2018). The last decade has witnessed a tremendous growth in Socially Responsible Investment, where investors more likely to combine their financial goals and their concerns about social, environmental, ethical and / or corporate governance issues in their investment choices (*Europe Social Investment Forum Official Web Sites*, 2011).

The firm's survival is influenced by its stakeholders. Understanding the needs and desires of stakeholders, that is Internal and external parties who influence or are influenced by the firm, becomes the focus of management because they are involved directly or indirectly in the activities and policies that are carried out and which will be taken by a firm. The firm's responsibility is not only limited to maximizing the profit and interests of shareholders, but also must pay attention to the community, customers and suppliers as part of the firm's operations itself. Islamic Social Reporting is expected to be a desire of stakeholders that can be accommodated so that it will produce a harmonious relationship between the firm and its stakeholders where the firm will voluntarily disclose the ISR to the public and the public will ultimately put high trust in the firm to manage its funds. Legitimacy from the community is one of the important factors for survival and development of companies to be continued, as a vehicle for corporate constructing strategies, especially those related to the efforts in companies positioning at the midst of an increasingly developing and advanced community environment (Hadi, 2009). Concern for Islamic values in the operation of a company has not been widely revealed in empirical studies. Therefore, it is interesting to conduct research on ISR in several companies, both private companies and government companies, especially in Indonesia with a large population of Muslims. Meanwhile, according to the results of research conducted by Luqyana & Zunaidi (2021), the level of ISR disclosure in Indonesia is still low.

Community is a party that is always directly affected by every company activity, both positive and negative impacts, so the public must know all information related to these, including the goals to be achieved by these companies. This is one of the mandates of Islamic law (Jati et al., 2020; Ahmad Issalih et al., 2015). Two important criteria for disclosure in Islamic accounting are identified as forms of social accountability and the rules of full disclosure (El-Halaby & Hussainey, 2015; Hussain et al., 2021).

Novrizal & Fitri (2016) found that firm size positively significant effect on the level of disclosure, both mandatory and voluntary disclosure. Haniffa (2002) created five disclosure themes for the ISR Index, namely the theme of funding and investment, the theme of products and services, the theme of employees, the theme of society, and the theme of the environment. Othman, Thani, & Ghani (2009) developed the newest theme by adding a theme of disclosure, namely the theme of Corporate Governance. Each disclosure theme has a sub-theme as an indicator for the disclosure of that theme. Social disclosure is considered as a medium of communication between the firm and its stakeholders, so that the greater the effort a firm makes to adapt, more powerful the firm will be for its stakeholders. In relation to the theory of legitimacy, companies that have fulfilled their obligations by carrying out social disclosure means that it can be ensured that they operate within the appropriate frame and norm in the community environment in firm is founded (Gray, Kouhy & Lavers, 1995).

Method

The data are secondary data obtained from the Jakarta Islamic Index (JII). The objects of research are companies from various sectors that have carried out their financial reporting on the Indonesia Stock Exchange (IDX) during 2015-2018. Meanwhile, the annual report referred financial reports using the Rupiah, management reports, and GCG (Good Corporate Governance) implementation reports that are integrated into a report or be a separate one. The ISR index as dependent variable in this research, was obtained through content analysis method on the sample companies' annual reports in the 2015-2018. in 2015 there were 30 companies listed in the JII, but in 2018 there were only 22 companies left. There are 8 companies that are delisted. meaning that there are only 22 companies that are consistently included in the JII list throughout 2015 - 2018, so this research use 22 companies as samples. They are Adaro Indusry Tbk (ADRO), AKR Corporindo Tbk (AKRA), Astra International Tbk (ASII), Barito Pacific Tbk (BRPT), Bumi Serpong Damai Tbk (BSDE), XL Axiata Tbk (EXCL), Indofood CBP Sukses Makmur Tbk (ICBP), Vale Indonesia Tbk

(INCO), Indofood Sukses Makmur Tbk (INDF), Indika Energy Tbk (INDY), Kalbe Farma Tbk (KLBF), Lippo Karawaci Tbk (LPKR), Matahari Departement Store Tbk (LPPF), Perusahaan Gas Negara (Persero) Tbk (PGAS), PP (Persero) Tbk (PTPP), Semen Indonesia (Persero) Tbk (SMRG), Summarecon Agung Tbk (SMRA), Telekomunikasi Indonesia (Persero) Tbk (TLKM), United Tractors Tbk (UNTR), Unilever Indonesia Tbk (UNVR), Wijaya Karya (Persero) Tbk (WIKA), and Waskita Karya (Persero) Tbk (WSKT). The research samples are presented in the Table 1.

Table 1. Companies in The Jakarta Islamic Index (JII) 2015-2018

| No | Companies | Number of Companies |
|------------------|--|---------------------|
| 1 | Companies listed on the Jakarta Islamic Index (JII) during the 2015-2018 | 30 |
| 2 | Delisting Companies | 8 |
| Total of Samples | | 22 |

Methods of data analysis in this study using panel data regression analysis with the Pooled Least Square (PLS) technique. The model is estimated using panel data for all districts and cities in The Province of West Kalimantan using time series data from 2014 to 2017 as well as cross-section data for 12 districts/cities. Based on an organization's operations that are conducted for the benefit of society, CSR defined as "the social responsibility of business includes the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time". Carroll (1979) proposed the typology of CSR by includes the following: economic components which include fulfilling consumer needs, providing jobs and considering the respectable wages and raising the capital for investments; legal components which include complying with laws and regulations; ethical components which include undertaking morally justifiable codes and conduct, to discriminate between right/wrong and honest/dishonest and not harming others; and discretionary or philanthropic components which include keenly contributing to community welfare by investing in education and charity or by helping society's most helpless members.

The ISR index is a benchmark for the implementation of corporate social performance which contains a compilation of CSR standard items set by Accounting, Auditing and Governance Standards for Islamic Financial Institutions (2010) and then further developed by researchers regarding CSR items that should be disclosed by an entity. One of the alternatives used in assessing the ISR is using the Index Content Analysis. This method was initiated by Haniffa (2002) and further developed by Othman, Thani, & Ghani (2009). Some of the indicators used to measure the ISR disclosure index are as presented in the Table 2.

Table 2. Indicators of ISR Measurement

| INDICATORS | ASPECTS |
|------------|---------------------------|
| 1 | Financial and Investment |
| 2 | Goods and Services |
| 3 | Employee |
| 4 | Community |
| 5 | Environment |
| 6 | Good Corporate Governance |

Liquidity is the availability of liquid assets to a market or company. Khelif, Guidara & Souissi (2015) found that it has significantly positive effect on CSR disclosure in Bangladesh. It might also happen in ICSR. In this study, to measure liquidity using the current ratio. This is because this ratio shows the amount of cash the firm owns plus assets that can turn into cash within one year, relative to the amount of debts due in short term on a certain date as listed on the balance sheet. This ratio will reveals the company's ability to use its current assets to cover short-term or current liabilities. This variable data is always updated every 6 months in JII and always becomes the attention of investors as an indicator of responsive stock market movements. If the ratio of current assets is greater with current debt, it means that the firm's ability to cover its current debt obligations will also be higher.

Profitability is the degree to which a business or activity yields profit or financial gain. Profitability gives confident to companies to disclose social responsibility (Hapsoro & Sulistyarini, 2019) may be include ICSR. In this research, ROE (Return on Equity) is used as a proxy for Profitability. ROE is considered as a measure of how effectively management used in creating firm's profits by using their assets. Sustainable and dividend growth rates can be estimated using ROE, assuming that the ratio is roughly in line or just above its peer group average. Therefore, if the ROE value is high, the ISR disclosure in a firm will be even wider.

Islamic corporate social responsibility is viewed as a Sharia form organization's commitment to make the most of its positive impact on stakeholders while minimizing its negative impact on the society (Brinkmann & Peattie, 2008). The manufacturing companies usually tend to have a production process that is classified as dangerous to the community and their business activities have a direct impact on the health, safety and security of the people who live around the firm. The type of industry in this study refers to the classification of industries in the Sharia Securities List in accordance with the classification conducted on the Indonesia Stock Exchange.

Firm size effects strategic motivation, thereby have a positive effect on CSR participation (Adams & Hardwick, 2002). There are some proxies can be used to measure the size of a firm such as total assets, amount of labor and level of sales. The larger the size of the firm make it can make the wider disclosure about information presented because the public will oversee the firm's activities (Sembiring, 2006). In this study, firm size is proxied by total assets obtained from the financial position report at the end of the firm's period in the firm's annual report.

The firm age determine ability to face the competition in the business. In order to provide feedback to its stakeholders, the firm will publish its social responsibility reports, include ICSR. In this study, the firm age is calculated by calculating the age of the firm started from the time the firm was founded until the last data is used as research. Companies that have long been survived have more experiences in their disclosure of Corporate Social Responsibility (Michelon, Pilonato, & Ricceri, 2015). It caused by they know more about what their stakeholders want and try to increase the quality of social reports in the firm's annual reports.

All variable in the study were estimated using multiple linear regression analysis with the estimation equation as follows.

$$ISR_i = \alpha_0 + \alpha_1 Lik_i + \alpha_2 Prof_i + \alpha_3 Ind_i + \alpha_4 Size_i + \alpha_5 Age_i + \varepsilon_i$$

Where

| | | |
|---------------|---|-------------------------------|
| ISR | : | Islamic Social Responsibility |
| Lik | : | Liquidity Rate |
| Prof | : | Profitability Rate |
| Ind | : | Type of Industry |
| Size | : | Size of firm |
| Age | : | Age of Firm |
| ε | : | Standard error of estimation |

Results and Discussions

Descriptive Analysis

This study uses secondary data sourced from official publications of the Bureau of Central Statistics, the Ministry of Finance, and Local Governments. The data used are described below. Poverty Rate is the dependent variable in this study. The poverty rate is proxied by the number of poor people in each district/city that is the object of research. The dependent variable in this study is The ISR index, was obtained through the method of content analysis on the firm's annual report which was the research sample throughout 2015-2018. There were several companies that carried out Islamic social responsibility disclosure well, but there were still companies that carried out Islamic social responsibility disclosure with minimal results even though these companies were included in the category of sharia companies based on the criteria of the capital market authority and financial institutions.

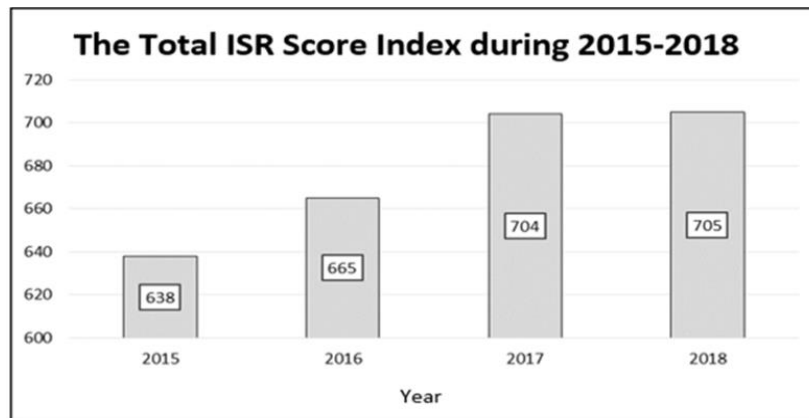


Figure 1. The Total of ISR Index during 2015-2018

The Figure 1 displayed that the total ISR score increased during the year of observation. This shows that the firm's operational activities that comply with sharia principles have increased the implementation, reporting and disclosure of social responsibility in accordance with sharia principles in the 2015-2018 period. These results are expected to have a positive impact on the development of social responsibility and sharia practices in Indonesia. There are differences in level of the disclosure of Islamic social responsibility by each firm. There are internal and external factors that cause in these differences.

One of the internal factors is the culture of operational management and the policies of the leaders of each firm. Meanwhile, one of the external factors is pressure from the stakeholders of each firm. In addition, the disclosure of social responsibility in sharia is voluntary, there are no standards regarding the implementation of sharia social responsibility, and there are no standards regarding the principles to disclose the Sharia social responsibility so that the corporate social responsibility disclosure is not uniform.

The ISR value shows the level of firm compliance with social responsibility based on sharia principles. There are 3 companies that have the highest total ISR score in Indonesia during the observation period, where the three companies are non-manufacturing companies. The three companies exchanged the three highest positions throughout the observation period. The following shows the three non-manufacturing companies.

Table 4. Three Companies with Highest ISR Index during 2015-2018

| The Highest of ISR Index Score | | | | | | | | |
|--------------------------------|------|-------|------|-------|------|-------|------|-------|
| NO | 2015 | | 2016 | | 2017 | | 2018 | |
| | Code | Score | Code | Score | Code | Score | Code | Score |
| 1 | TLKM | 38 | ASII | 39 | ASII | 39 | ASII | 39 |
| 2 | ASII | 37 | PGAS | 36 | TLKM | 36 | PGAS | 36 |
| 3 | PGAS | 36 | TLKM | 35 | PGAS | 35 | TLKM | 35 |

The highest ISR index score is dominated by three non-manufacturing companies, namely PT Astra International Tbk which is engaged in various industries, especially automotive assembly and distribution, followed by two state-owned companies, namely PT Telkom Indonesia (Persero) Tbk which is engaged in services and networks (TLKM) and PT Perusahaan Gas Negara (Persero) Tbk which is engaged in the transmission and distribution of natural gas (PGAS). It is logical that a private firm as large as PT Astra International Tbk (ASII), which operates in various industries and has many business lines, reveals more of its sharia social responsibility to Indonesian people, who are predominantly Muslim.

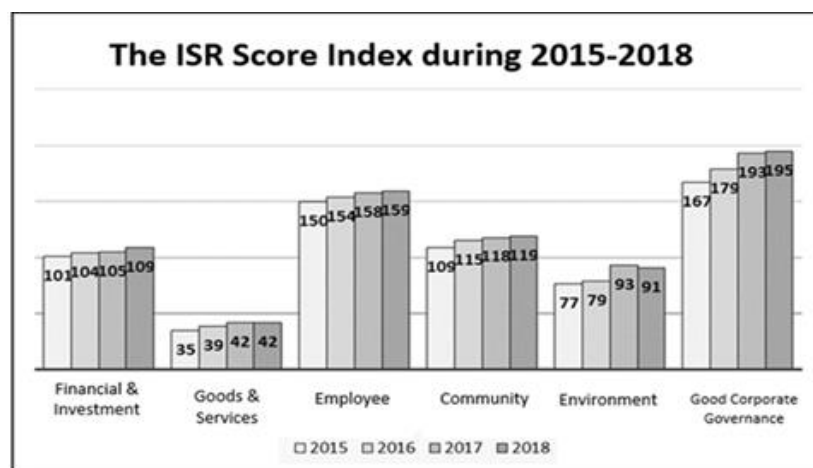
For business-state companies, where some of the business-state ownership comes from government funds or the State Budget, it should be appropriate to disclose wider social responsibility to the Indonesian people. In another words, most of the business-state enterprise ownership is public funds which they deposit to the government through the tax system, therefore it should make better and broader disclosure of social responsibility reports to all stakeholders including the public.

Table 5. Three Companies with Lowest ISR Index during 2015-2018

| The Lowest Score Index of ISR | | | | | | | | |
|-------------------------------|------|-------|------|-------|------|-------|------|-------|
| NO | 2015 | | 2016 | | 2017 | | 2018 | |
| | Code | Score | Code | Score | Code | Score | Code | Score |
| 1 | SMRA | 22 | INDY | 25 | LPPF | 28 | INDY | 28 |
| 2 | INDY | 23 | LPKR | 25 | SMRA | 28 | LPPF | 28 |
| 3 | LPKR | 23 | LPPF | 26 | INDY | 29 | SMRA | 29 |

Table 5 displayed that during 2015 - 2018 the lowest ISR index score was dominated by the same three companies, only a shift in position and one additional firm occurred in 2015. The companies were PT Summarecon Agung Tbk (SMRA), PT Indika Energy Tbk (INDY) and PT Matahari Department Store Tbk (LPPF) and PT Lippo Karawaci Tbk (LPKR) in 2015. The list of companies that occupy the top three and the lowest three positions during the 2015-2018 period is relatively the same, although the scores of the ISR index from each firm tends to increase in period 2015 - 2018.

This fact shows that all companies are quite consistent in their Sharia disclosure of social responsibility. Companies with a high ISR index score will be consistent in performing the Sharia social responsibility disclosure well. Likewise, companies with low ISR index scores will also be consistent in carrying out Islamic social responsibility disclosures with very minimal results. But this does not mean that a low ISR index score is absolutely misinterpreted, that the firm does not properly disclose Sharia social responsibility. This is caused by there are two possibilities, first, the firm is carrying out social responsibility in sharia but it is not disclosed in its reports or second, the firm does not carry out Sharia social responsibility at all.

**Figure 2.** The ISR Total Score Index for Each Theme during 2015-2018

There are six themes in the ISR index, covering financing and investment, products and services, employees, community, environmental, and good corporate governance. Each firm has a different focus on the aspects that the firm wants to highlight in reports or press releases. These aspects are certainly in line with the firm's vision and mission in order to achieve firm goals. Therefore, it is natural that companies with different business characteristics tend to differ in the disclosure of the six ISR index themes. Therefore, content analysis was also discussed for each ISR index theme. In general, the ISR index for each theme has increased during 2015-2018, except for the environmental theme, which decreased slightly in 2018. This can be presented in Figure 2.

Estimation Result

Based on data from 22 companies used as samples in this study, the average value of the ISR variable was 0.6483 or 64.83%. The minimum value is 0.46 or 46% and the maximum value is 0.81 or 81%. While the standard deviation value is 0.07513 or 7.513%. This data shows that the average disclosure of corporate social responsibility listed in the Jakarta Islamic Index (JII) is quite good. The liquidity variable has a mean value of 1.9267. The maximum value is 6.91 and the minimum value is 0.45, while the standard deviation value is

1.25699%. This means that the liquidity measured using the current ratio shows that the liquidity of companies listed on the Jakarta Islamic Index (JII) is in poor condition.

Mean value of the profitability variable is 0.2093 or 20.93%. The maximum value is 1.61 and the minimum value is -0.18, while the standard deviation value is 0.32769 or 32.76%. This means that the profitability measured using ROA shows that the profitability of companies listed on the Jakarta Islamic Index (JII) is in poor condition. The industrial type variable has a mean value of 0.45 or 45%. The maximum value is 1 and the minimum value is 0, while the standard deviation value is 0.501 or 50.1%. This means that the disclosures based on the type of industry of companies listed in the Jakarta Islamic Index (JII) are more carried out by manufacturing companies than non-manufacturing companies even though the value of profitability is almost similar.

The variable of company size has a mean value of 15.4369, it means that companies listed on the Jakarta Islamic Index (ISR) have fairly high assets. And has a maximum value of 19.66 while the minimum value is 7.51. The value of the standard deviation of firm size is 3.97154. It can be concluded that companies listed on the Jakarta Islamic Index (ISR) have an average large company size, seen from the average total assets owned by the company. The variable age of the company shows a mean value of 43.23, which means that companies listed on the Jakarta Islamic Index (JII) have been around for a long time. It has a maximum value of 85 while the minimum value is 6. The standard deviation value for company size is 17.682.

The mathematical modelling in this study is built to investigate relationship between the dependent and all regressor variables. The estimation results are presented in Table 5.

Table 5. The Estimation Result

| Variables | Coefficient | t- statistic |
|--------------------------|-------------|--------------|
| Constanta | 0,003 | 0, 29 |
| Liquidity (Liq) | 0, 428 | 2, 516* |
| Profitability (Prof) | 0, 406 | 2, 492* |
| Type of Industries (Ind) | 0,496 | 2, 999* |
| Firm size (Size) | 0,293 | 1, 961** |
| Firm age (Age) | 0,337 | 1, 896*** |
| R-squared | 0,209 | 0,209 |
| F-Statistic | 4,234 | |

Source: Secondary data, processed by SPSS

* denote significantly at $\alpha = 0.01$

**denote significantly at $\alpha = 0.05$

***denote significantly at $\alpha = 0.10$

Relationship between liquidity and ICSR disclosure

The liquidity variable (Liq) has a significant negative effect on the level of ISR disclosure, it means that the more liquid the firm is, the smaller the ISR Index value, and the ISR disclosure will be smaller. This is in line with research performed by Kariza, A. (2014). Firms holding a large amount of current assets (high degree of liquidity) has undoubtedly employed the costlier long-term funds in current assets instead of using them to earn at a higher rate through investments in fixed assets (Ibrahim, 2018). Liquidity reflects the firm's short-term ability and this is considered by potential investors and shareholders because it relates to stocks prices and dividends to be received, but Muslim investors will see the other side of social and humanitarian norms for firm activities.

Entities that are in a declining financial condition tend to disclose more of their Sharia social responsibility reports to show external parties that they are credible. Here, it can be seen that public recognition for the credibility of an entity is more needed by those with unfavourable financial conditions. With ISR reporting, the company hopes that the public will know that even in bad financial conditions, the company still has high concern for society and the environment (Hadinata, S., 2018). Furthermore, it will have a positive effect on the value of the company concerned (Fauziah, Sukoharsono & Saraswati, 2021). Findings of this research is contradicted with the findings of Nandi & Ghosh (2013) one that is there is a positive association has been observed between the degree of corporate disclosure and liquidity. While Wallace et al. (1994) documented a significant negative association between liquidity and disclosure for listed and unlisted Spanish companies.

Relationship between Profitability and ICSR disclosure

The profitability variable (Prof) has a significant negative effect on the level of ISR disclosure, it means that the greater the firm's profitability, the smaller the ISR disclosure. The higher the firm's ability to get profit from earning related to their sales, assets, and equity based on certain measurement bases, it makes a firm feel less need to get recognition from the public so that only a small proportion of them to disclose their Sharia social responsibility. Entities with deteriorating financial conditions tend to disclose more information related to their Sharia social responsibility reports to show to external parties that they are credible and have humanity. This finding is in line with findings related to liquidity variables (Alkababji, 2014; Hadinata, 2018). This finding is not in line with signaling Theory, where higher profitability might should induce management to supply more information to illustrate its ability to maximize shareholders 'wealth. Result from this research is also have different magnitude from Gamerschlag et al., (2011).

In Indonesia, profitability contributes to CSR disclosure and maybe to ICSR disclosure (Hermawan & Mulyawan, 2014). Profitability ratio is most appropriate as a basic survival proxy. It can be said that higher profitability in the lagged year can derive higher activity in ICSR in the following year. And vice versa ICSR disclosure activities can also affect the profitability of a firm. ICSR associated with a kind of necessary ethics and morality, also it can be used to strengthen their position in the market.

Relationship between Industry type and ICSR disclosure

The industry type variable (Ind) has a significant positive effect on the level of ISR disclosure, it means that manufacturing companies that cause more environmental pollution will disclose ISR more widely than non-manufacturing companies. According to Suwaidan (1997) in Omar & Simon (2011), manufacturing companies produce more pollution than non-manufacturing ones so that additional information must be disclosed in their annual reports. This is in line with the findings of the research conducted by Widiawati & Raharja (2012) that the type of industry has a significant effect on the disclosure of Islamic Social Reporting. This finding support to results from the Alkababji's research in Palestine. But different results were found in the research conducted by Novrizal & Fitri (2016) that the type of industries had no effect on the level of ISR.

The manufacturing industry is often correlated with high profits and the amount of environmental pollution produced. With the higher level of profitability of the manufacturing industry, the type of industry gets more pressure from the public to disclose its activities (see Grassa, 2013). the findings of this study proved to support this opinion.

Relationship between Firm Size and ICSR disclosure

The firm size variable (Size) has significant positive effect on the level of ISR disclosure. This result support the findings from Hossain et. al (2019) in Bangladesh. This is because companies that are growing have a sufficiently large budget available to carry out social activities. By disclosing this activity which is then reflected in the ISR value, this will serve to uncover important information so that it will reduce the agency budget (Purba & Yadnya, 2015). This is in line with finding from (Alkababji, 2014). It means that the larger the firm size, the greater the ISR disclosure. These results illustrate that firm size can be used as a reference in ISR disclosure, where companies that have a large identification tend to disclose information about their activities related to total assets, sales, information systems, product types, and employee's skills or expertise so that the level of ISR disclosure is becoming broader.

Bigger firm size has a lot of entities highlighted by the market and the public in general. By disclosing more information in the Corporate Social Responsibility disclosure, the public accountability can be realized (Waluyo, 2017). The same will happen to the disclosure of ICSR, especially in Indonesia where the Muslim community is the largest community.

Relationship between Firm Age and ICSR disclosure

The firm age variable (Age) has significant positive effect on the level of ISR disclosure, it means that the longer the firm age, the greater the ISR disclosure. The company's age reflects the company's ability to maintain its competitiveness. This of course will also have an impact on the company's ability to earn profits and provide enough funds to carry out CSR activities (Zaid & Nasiri, 2018). The longer the firm has been established, there is a need for companies to ensure that they operate within the appropriate framework and norms in the community environment the firm stands in as a corporate social responsibility to the surrounding environment, so the community can be convinced that they have responsible concerns both socially and in line with Sharia principles. This research is in line with Apriliani & Resmini (2017) research result, which concludes that the longer the age of the company, the more it will understand what information should be disclosed. The information disclosed is information that is considered to have a positive influence on the company, so the company does not need to disclose all information. The same thing also happened to the

banking sector in Sudan, where the longer a bank was established, the higher the level of ICSR disclosure (Ibrahim, 2018).

The findings of this study support the research findings of Cinčalová and Hedija (2020) on warehousing and transportation companies in Czech. Meanwhile Udayasankar (2008) suggested the possible non-linearity of firm size and CSR link and claimed that tiny and huge businesses were equally motivated to participate in CSR. However, motivations could be different. Medium-sized companies were the least motivated, so this fact proposes a U-shaped relationship between CSR participation and firm size.

Conclusions

All explanatory variables (liquidity, profitability, type of industry, firm size, and firm age have significant effect on the level of ISR disclosure, but in different directions. Liquidity and profitability variables have significant negative relationships with the level of ISR disclosure. It shows that companies with high liquidity and profitability have low need to disclose their ISR activities. This may be due to the firm's assumption that the public believes that companies with high levels of liquidity and profitability must have high social and environmental concerns in Sharia.

Manufacturing industries in Indonesia are aware that they cause higher environmental pollution than non-manufacturing ones, so that manufacturing industries in Indonesia have a higher tendency to disclose their ISR for their production activities. Likewise, firm size and age have significant effects on the level of ISR disclosure. The longer the age of the firm and the bigger the size of the firm requires the firm to be more aware that they have to fulfil their obligations to disclose their activities in sharia. The awareness to make this disclosure will increase the firm's competitiveness in society.

The limitation of this study lies in the absence of separation between government-owned and private-owned companies. Of course, there are differences in the level of motivation of each company based on its ownership to make a ICSR disclosure. The resilience of government-owned companies does not depend too much on stakeholder perceptions of their existence, because government companies can survive in the industry due to government regulations. But not so with privately owned companies. For further research, it may be possible to use a different ISR measurement index from this study, because this study used measurements to measure ISR based on the index built by Haniffa (2002). For future research, it may utilize index formula for ISR belonging to Santoso & Dhiyaul-Haq (2017).

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