

**THE EFFECT OF COMPANY SIZE, COMPANY AGE, AND
PROFITABILITY ON THE LEVEL OF ISLAMIC SOCIAL REPORTING
(ISR) DISCLOSURE ON COMPANIES LISTED IN JAKARTA ISLAMIC
INDEX (JII) FOR THE PERIOD 2012-2016**

UNDERGRADUATE THESIS

This undergraduate thesis is submitted in partial fulfillment of the requirements to
obtain the degree of Bachelor of Economics in Faculty of Economics
Yogyakarta State University



By:

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**ACCOUNTING STUDY PROGRAM
ACCOUNTING EDUCATION DEPARTMENT
FACULTY OF ECONOMICS
YOGYAKARTA STATE UNIVERSITY
2018**

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Had been approved and validated on, July 18th 2018
To be defended in the front of Board of Examiners
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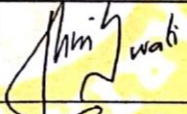


The undergraduate thesis entitled

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Hereby, I declare that this undergraduate thesis is my own original work. According to my knowledge, there is no work or opinion written or published by others, except as reference or citation by following the prevalent procedure of scientific writing.

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MOTTO

But perhaps you hate a thing and it is good for you; and perhaps you love a thing and it is bad for you. And Allah Knows, while you not.

(Quran Surah Al-Baqarah 216)

For indeed, with hardship (will be) ease. Indeed, with hardship (will be) ease. So when you have finished (your duties), then stand up (for worship). And to your

Lord direct (your) longing.

(Quran Surah Al-Insyirah 5-8)

DEDICATION

All praises to Allah, I Sincerely dedicate this undergraduate thesis to:

1. My beloved parents, Mrs. Uswatun Khasanah and Mr. Noor Aziz for prayer, support and love that will never ending.
2. All my family, who always support and convince to me to get my bachelor degree.
3. Accounting Study Program, Faculty of Economics, Yogyakarta State University
4. My beloved friends in Accounting 2014

**PENGARUH UKURAN PERUSAHAAN, UMUR PERUSAHAAN DAN
PROFITABILITAS TERHADAP TINGKAT PENGUNGKAPAN ISLAMIC
SOCIAL REPORTING (ISR) PADA PERUSAHAAN YANG TERDAFTAR
DI JAKARTA ISLAMIC INDEX (JII) PERIODE 2012-2016**

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ABSTRAK

Penelitian ini bertujuan untuk mengetahui (1) pengaruh Ukuran Perusahaan terhadap Tingkat Pengungkapan ISR, (2) pengaruh Umur Perusahaan terhadap Tingkat Pengungkapan ISR, (3) pengaruh Profitabilitas terhadap Tingkat Pengungkapan ISR, dan (4) pengaruh Ukuran Perusahaan, Umur Perusahaan, dan Profitabilitas secara bersama-sama terhadap Tingkat Pengungkapan ISR.

Penelitian ini termasuk dalam penelitian hubungan kausal. Populasi penelitian ini adalah perusahaan yang menerbitkan saham syariah yang terdaftar di Jakarta Islamic Index (JII) pada tahun 2012-2016. Penentuan sampel menggunakan metode purposive sampling. Terdapat 60 perusahaan yang memenuhi kriteria sebagai sampel penelitian. Teknik analisis data yang digunakan adalah analisis regresi linear sederhana dan analisis regresi linier berganda.

Hasil penelitian ini menunjukkan bahwa (1) Ukuran Perusahaan berpengaruh positif terhadap Tingkat Pengungkapan ISR, (2) Umur Perusahaan berpengaruh positif terhadap Tingkat Pengungkapan ISR, (3) Profitabilitas berpengaruh negatif terhadap Tingkat Pengungkapan ISR, (4) Ukuran Perusahaan, Umur Perusahaan, dan Profitabilitas secara bersama-sama berpengaruh positif terhadap Tingkat Pengungkapan ISR.

Kata Kunci: *Tingkat Pengungkapan ISR, Ukuran Perusahaan, Umur Perusahaan, Profitabilitas*

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ABSTRACT

This research aims to analyze (1) the effect of company size on the level of ISR disclosure, (2) the effect of company age on the level of ISR disclosure, (3) the effect of profitability on the level of ISR disclosure, and (4) the effect of company size, company age, and profitability simultaneously on the level of ISR disclosure.

The research design is a causative research. The data population in this research are taken from companies that issued sharia stock listed in the Jakarta Islamic Index (JII) in 2012-2016. A purposive sampling method is used as a sampling method and 60 companies are selected as the sample researches. The data analysis techniques is simple regression analysis and multiple linear regression analysis

The results of this research indicate that (1) company size has a positive effect on the level of ISR disclosure (2) Company Age has a positive effect on the level of ISR disclosure, (3) Profitability has a negative effect on the level of ISR disclosure, (4) Company Size, Company Age, and Profitability simultaneously has a positive effect on the level of ISR disclosure.

Keyword: Level of ISR Disclosure, Company Size, Company Age, Profitability

FOREWORD

First of all, I would like to thank Allah *Subhanahuwata'ala* for all the blesses, mercy and guidance, thus the Undergraduate Thesis entitled “The Effect of Company Size, Company Age, and Profitability on The Level of Islamic Social Reporting (ISR) Disclosure on Companies Listed in Jakarta Islamic Index (JII) for The Period 2012-2016” can be finished. On this occasion, I would like to thank all the following who have given me help and guidance so that this undergraduate thesis can be finished.

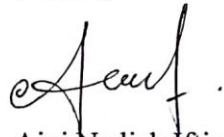
1. Prof. Dr. Sutrisna Wibawa, M.Pd., Rector of Yogyakarta State University.
2. Dr. Sugiharsono, M.Si., Dean of Faculty of Economics Yogyakarta State University.
3. Rr. Indah Mustikawati, S.E., M.Si., Ak., CA., Head of Accounting Education Department, Faculty of Economics, Yogyakarta State University and also my chairman examiner who had given advice, suggestion, and correction so this undergraduate thesis could be completed.
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11. All parties who can not be mentioned one by one who has provided support and assistance to the author during the preparation of this undergraduate thesis.

I realize that this undergraduate thesis is not perfect. Therefore, the suggestions and good criticism are really need. Hopefully this undergraduate thesis will be useful for many parties. Ameen.

Yogyakarta, July 31th 2018

Author,



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CHAPTER I INTRODUCTION

A. Problem Background

The environmental damage that has occurred in recent years suggests that environmental management is a matter to be aware of. By 2015, a company is proven to dump mining waste into the Ajkwa River which can cause river pollution and the destruction of river ecosystems. Environmental experts revealed, environmental damage due to industrial waste that contaminates the waters is seen to make marine biota gene mutation. Marine biota such as fish that has been contaminated with the waste, then consumed daily for some community around it, until it can impact to the infant since the womb (www.republika.co.id). In the same year, the other company issued for being entangled in the case of forest and land fires. The government revealed through the Ministry of Environment and Forestry (KLHK), environmental damage caused by forest fires with the nutrient loss, land conversion from peat ecosystem to acacia field and loss of various biodiversity (www.bbc.com).

The environmental damage which has adverse impacts on the environment and people, can affect the value of the company in the stakeholders' view. The lack of corporate concern for the environment and surrounding communities can influence investors' decisions as one of the stakeholders. Investors tend to decide to invest in companies that have good

social performance (Utami, 2017). The performance of corporate social is inseparable from the company's existence in this era.

The company that operates its business has a social responsibility to the community related to its business operations covering economic aspects (profit), social (people), and the environment (planet) or well known as triple bottom line (3P). The implementation of 3P is realized in the form of Corporate Social Responsibility (CSR) (Fauziah & Jayanto, 2013). At the beginning of the industrial era, the company focused solely on searching for profit, but in this era, the company is required to pay attention to the environmental aspects, and the communities around the company. According to Sofyan (2011), 3P's principle can mean God created the earth to fulfill human needs, but not to satisfy human greed. Besides making a profit, a company is required to maintain a balance between people and planet.

In Indonesia, the development of CSR has increased significantly, in terms of quality and quantity compared to previous years. This is indicated by the increasing number of business units reporting CSR practices in the annual financial statements (Fitria and Hartanti, 2010). In addition to annual reports, some companies also report CSR practices in the sustainability report, which are presented separately from annual reports. The development of CSR disclosure practices in Indonesia is also supported by the issuance of Law Number 40 the Year 2007 regarding Limited Liability Company (UUPT) and Government Regulation Number 47 the Year 2012 on Corporate Social Responsibility and Environment Limited (PP 47/2012). In Article 66

paragraph (2) section c contains that the company should report the implementation of Social and Environmental Responsibility (TJSL) and in Article 74 explains further on Social and Environmental Responsibility (TJSL). Besides supported by government regulation, CSR disclosure is regulated by OJK through POJK Number 51 / POJK.03 / 2017 on the implementation of sustainable finance to financial services institutions, issuers, and public companies. This regulation aims to increase public trust in companies that manage public funds, by reporting to OJK.

According to Siregar (2015) Corporate social responsibility (CSR) in Islamic perspective is a business practice that has an ethical responsibility in Islam. The Company incorporates Islamic religious norms that are marked by a sincere commitment to safeguarding social contracts within its operations. The way to manage a company is limited by the law of *halal* and *haram* by sharia. CSR conducted in the perspective of Islam should aim to create virtue that is done not through activities that contain elements of usury, but with practices that are commanded by Allah in the form of *zakat*, *infak*, alms, and *waqf*. Islam advises that the turnover of wealth is not only centered on a group of people and evenly on all groups. In accordance with the commandment of Allah Surah Al-Hashr verse 7:

... كَيْ لَا يَكُونَ دُولَةً بَيْنَ الْأَغْنِيَاءِ مِنْكُمْ ...

"... that the treasure should not circulate among the rich among you ..." (Al-Hashr: 7).

Further Siregar (2015) explained that CSR in the sharia perspective should also prioritize the value of generosity and sincerity. This deed is more beloved of the worship of *mahdhah*. As in the words of the Prophet SAW, *"Fulfilling the needs of a believer is more beloved God than to do twenty hajjes and on each of his hajj of hundreds of thousands of dirhams and dinars"*. In another hadith, the Prophet (s) also said, *"If a Muslim walks to meet the needs of his fellow Muslims, it is better for him than to do seventy times the tawaf in the House."*

Muslim as part of the stakeholder hope that the companies can disclose certain information (which is sharia) even though the disclosure is a voluntary disclosure. It is intended to help Muslim fulfill their spiritual need. Most disclosure of social responsibility by companies has not disclosed sharia information, it can influence the decisions of Muslim as stakeholders that also adversely affect their spiritual side (Haniffa, 2002). Sharia disclosure has not been widely practiced by companies in general, most sharia disclosures are conducted by sharia banks that hold "titles" of sharia in their entities.

The concept of CSR in Islam is closely related to the companies that operate its business in sharia, through the implementation of sharia business is expected the companies, it can also perform corporate social responsibility in accordance with the concept of sharia. The development of Islamic economics in Indonesia is growing significantly. It is evidenced by the increasing number of sharia shareholder investors amounting to 203 thousand investors as of November 2017 which increases 100 percent compared to the

year 2015 which is only 100 thousand investors. While in the terms of products, there are 362 stocks listed on the List of Sharia Securities (DES) as stocks that is in sharia category (www.republika.co.id).

Sharia capital market in Indonesia has an important role in increasing the market share of sharia-based companies in Indonesia (Raditya, 2012). There are two types of stock indexes in the Sharia capital market that present the stock development of sharia in Indonesia. The stock index that contained all Sharia stock which is listed on DES is the Indonesia Sharia Stock Index (ISSI) and the Jakarta Islamic Index (JII). Indonesia Sharia stock index is an indicator which shows the performance/ movement of Sharia stock price index in Indonesia Stock Exchange. While JII is a stock index consisting of 30 stocks which are the most liquid stocks of sharia and have a large market capitalization. Othman and Thani (2010) in his research, reveal that the rapid development of sharia makes companies listed in the List of Sharia Effect (DES) expected to present a religious dimension in the disclosure of annual reports in order to provide benefits to Muslim stakeholders. Therefore, it is needed a standard to measure the level of corporate sharia disclosure that is included in DES (both ISSI and JII) in disclosing its social responsibility in the religious dimension as the fulfillment of corporate obligation in complying with sharia aspects. To fulfill it, Othman et al. (2009) subsequently developed a relevant disclosure index related to the disclosure of corporate social responsibility in sharia, known as "Islamic Social Reporting" (ISR).

ISR was firstly conceived by Haniffa (2002) and then developed by Othman et al. (2009) to research influential factors in the ISR disclosure of companies listed on Malaysia Exchange. According to Haniffa (2002), there are limitations in conventional social reporting, so she puts forward a conceptual framework of social reporting in sharia, called Islamic Social Reporting. Its function is not only to help muslim decision maker but also to help companies, especially companies with Sharia provisions, in fulfillment of obligations to Allah SWT and the people.

In the case of disclosure report, the condition of the company may affect the performance and the extent of the annual report presentation including the company's voluntary report (Putri, 2014). The conditions of the company that will be studied in this research are company size, company age, and profitability. Sembiring (2005) describes, company size is a variable estimator that is widely used to explain the variation of disclosure in the company's annual report. It is associated with the Agency Theory, which large companies will disclose more information to reduce the agency cost. In addition, the large corporations are issuers that are highlighted by stakeholders, the most transparent disclosure is a corporate social responsibility to the environment. The company size is one of the factors that companies consider in disclosing their social performance. In addition, each company has different considerations to make the disclosure of the company, either small or big companies.

On the other hand, the younger companies are predicted to spread more information than older company, in order to reduce the uncertainty of operating risks and to increase their confidence in investors (Raditya, 2012). The age of companies either young or old can be one of the factors that influence the company's decision to disclose their social performance on a conventional and sharia scale. Meanwhile, the relationship between disclosure of corporate social responsibility and corporate profitability has been believed to reflect the idea that social reactions require managerial styles by the management to make a company profit. The higher level of profitability makes greater the disclosure of social information (Rahayu, 2015).

Based on the result of previous research conducted by Andaru (2015) which examined the effect of company size, company age and profitability on ISR disclosure at companies listed in Jakarta Islamic Index (JII) 2013-2014 periode, gave positive significant effect on profitability while size and age companies have no significant influence in the ISR disclosure rate. While Rahayu's research (2015) uses the stock population listed in JII in the year 2010-2013 period gave the result that the profitability and environmental performance are not significant on ISR disclosure, while company size has a significant effect on ISR disclosure.

Based on the background described, researcher interests to develop the result of previous researchers by using ISR as an index that measures the level of social responsibility disclosure for companies that include in Jakarta

Islamic Index (JII) for the period 2012-2016. While the variables that will be researched are company size, company age, and profitability. Researcher is interested in conducting research entitled *"The Effect of Company Size, Company Age, and Profitability on The Level of Islamic Social Reporting (ISR) Disclosure on Companies Listed in Jakarta Islamic Index (JII) for The Period 2012-2016"*.

B. Problem Identification

Based on problem background has been explained above, it can be identified several problems as follows:

1. The environmental damage that has adverse impacts on the environment and people affects the value of the company in the stakeholders side. The company's bad credibility with its social performance will decrease investor trust.
2. There are limitations of conventional social reporting for the muslim people, so standards are needed to measure the level of sharia disclosure in the company.
3. The condition of the company can affect the performance and comprehensive presentation of the annual report including voluntary reporting companies.
4. The size of a large company has the potential to disclose more of its social performance.
5. The young relatively companies age do more disclosure.
6. Social reactions require a managerial style to make a company's profit.

C. Problem Restriction

Based on problem background and problem identification which have been described above, it is necessary to limit the research problem as follows:

1. This research is only conducted on companies continuously registered in JII during the period 2012-2016.
2. This research only discusses the variable of company age, company size, profitability, and ISR.
3. The data used is secondary data in the form of annual reports and sustainability reports published on the Indonesia Stock Exchange and each company's website.

D. Problem Formulation

Based on the problem restriction which has been described previously, the problem formulation are:

1. How does the company size influence the level of Islamic Social Reporting (ISR) disclosure?
2. How does the company age influence the level of Islamic Social Reporting (ISR) disclosure?
3. How does profitability influence the level of Islamic Social Reporting (ISR) disclosure?
4. How do company size, company age, and profitability simultaneously influence the level of Islamic Social Reporting disclosure (ISR)?

E. Research Objectives

Based on the problem formulation which has been described above, this research aim to:

1. Analyze the influence of company size on the level of social responsibility disclosure in sharia at companies on JII in the period 2012-2016.
2. Analyze the influence of company age on the level of social responsibility disclosure in sharia at companies on JII in the period 2012-2016.
3. Analyze the influence of profitability on the level of social responsibility disclosure in sharia at companies on JII in the period 2012-2016.
4. Analyze the influence of company size, company age, and profitability simultaneously on the level of social responsibility disclosure in sharia at companies on JII in the period 2012-2016.

F. Research Benefits

This research is expected to provide benefits both theoretical and practical as follows:

1. Theoretical Benefits

For the academic, this research can be used as one of the CSR literature with sharia point of view, and use ISR as its reference.

2. Practical Benefits

a. For Investors

The results of this research are expected to be considered for investors and potential investors, and especially muslim investors, to make investment decisions.

b. For the Companies

The results of this research can be taken into consideration for companies listing in JII to disclose the implementation of social responsibility more on the perspective of sharia.

c. For the Public

This research is expected to increase public knowledge about the disclosure of social reporting company that issued sharia shares in Indonesia reviewed using Islamic Social Reporting Index (ISR Index).

CHAPTER II

LITERATURE REVIEW

A. Theoretical Review

1. The Level of Islamic Social Reporting (ISR)

Islamic social reporting or ISR is a special framework form used for appropriate social responsibility reporting (CSR) with a Sharia perspective. The framework is not only useful for Muslim stakeholders but also helps Islamic companies to fulfill their obligations to Allah SWT and society (Raditya, 2012). ISR was first discussed in a research topic by Ros Haniffa in 2002 in her article "Social Reporting Disclosure: An Islamic Perspective". ISR serves as a reporting way to fulfill the principles of accountability and transparency between people and God, people with people, and people with nature. The ISR concept then splits into several items which are then named as the ISR index.

Islamic Social Responsibility Index (ISR Index) is a social performance measurement index that uses a concept of sharia in its measurement. According to Haniffa (2002), the basic concept of ISR is *tawhid* (Unity of God) and sharia. *Tawhid* means to believe that God is the ultimate owner of everything that exists on earth and sky. Appropriate with the word of Allah SWT in Surah Al-Hadid verse 5,

لَهُ مُلْكُ السَّمَاوَاتِ وَالْأَرْضِ ۖ وَإِلَى اللَّهِ تُرْجَعُ الْأُمُورُ

“To Him belongs the kingdom of the heavens and the earth. And to Allah is returned all matters. (Surah Al-Hadid: 5)”

While human as the organism who lives and processes and is made God as agent (khalifah) on earth has a duty to be responsible for Allah SWT. Meanwhile, sharia is the main concept in carrying out social justice and realizing benefits for the society by making sharia the basic foundation in every aspect of Muslim life including in ethics terms.

Haniffa (2002) explains if generally, ethics in Islam consist of 10 values that affect relationships between human and God, human and humans and humans and the universe. Ten concepts of ethics are faith, *taqwa* (piety), trustworthiness, worship, *khilafah* (agent), *ummah* (religious community), end of day of reckoning (*akhirah*), *adl* (fair) contrary to *zulm*, *halal* (lawful) contrary to *haram* (forbidden) and the last *i'tidal* (moderation) opposite to *israf* (excessive attitude). The ISR Index is a development of a conventional reporting framework that not only contains material, moral or social aspects, but also reveals several topics related to Islamic principles such as *zakat*, Sharia compliance, transactions made free of usury/*gharar*, and the fulfillment of social aspects such as alms, *wakaf*, *qardul hasan*, until the disclosure of worship in the corporate environment (Wardayati and Indrawaty, 2015).

ISR Index contains a compilation of CSR standard items specified by AAOIFI, and further developed by researchers on CSR items that should be disclosed by an Islamic institution or entity (Fitria and Hartanti, 2010). Haniffa (2002) initiated the ISR by raising 5 themes of ISR disclosure, including finance and investment, product, employees,

society, and environment. Then Othman et al. (2009), developing ISR by adding a theme of corporate governance theme. Each theme of the disclosure has sub-themes as an indicator of the disclosure of theme. Here are six themes in the ISR Index:

1. Finance and Investment

The concept of disclosing finance and investment themes is *tawhid*, *halal/haram* and obligatory. Some information that should be disclosed in this theme are (1) usury activity (2) *gharar* activity and (3) *zakat*. The definition of usury according to Nurhayati and Wasilah (2014) is the addition required in business transactions without any sharia-justified (*i'wad*) funding in that addition. Any additions which is taken without a counterweight or substitute (*i'wad*) justified by sharia are usury.

In the Quranic verses, usury and alms are debated. In Surah Al-Baqarah verse 276 Allah speaks

يَمْحَقُ اللَّهُ الرِّبَا وَيُزِيهِ الصَّدَقَاتِ ۗ وَاللَّهُ لَا يُحِبُّ كُلَّ كَفَّارٍ أَثِيمٍ

"Allah destroys usury and fosters alms. And Allah dislikes every man who abides in unbelief and slaves of sin. (Surah Al-Baqarah: 276)"

Usury is a forbidden act, while alms is the thing that is recommended. The purpose of the verse revelation about the danger of usury is to abolish the practice of ignorance (lend money and hope get reward/usury) and replace it with the new tradition of alms (lend it and only hope Allah's approval and reward of the Hereafter). Alms

(including *zakat*) mentions in Al-Quran as a *ta'awun* (relief) concept to the needy. This appeal is a solution to oppression and injustice of usury which is forbidden by Quran (Nurhayati and Wasilah, 2014). In Surah An-Nisaa verse 114 Allah SWT says about the concept of alms,

لَا خَيْرَ فِي كَثِيرٍ مِّن نَّجْوَاهُمْ إِلَّا مَنْ أَمَرَ بِصَدَقَةٍ أَوْ مَعْرُوفٍ أَوْ إِصْلَاحٍ بَيْنَ النَّاسِ ۗ
 وَمَن يَفْعَلْ ذَلِكَ اتِّبَاعًا مَّرَضَاتٍ أَللَّهُ فَسَوْفَ يُؤْتِيهِ أَجْرًا عَظِيمًا

There is no good in most of their whispers, except the whisperings of those who order (humans) to give alms and do makruf or to make peace among men. And whosoever does so by seeking the pleasure of Allah, We shall give him a great reward. (Surah an-Nisaa: 114)

According to Muhammad (2013), the orientation of sharia business is *zakat* which becomes a metamorphosis of accounting and focuses on corporate social responsibility. *Zakat* is an action that is recommended in Islam when is defined as *zakat maal* and is mandatory when associated with the law of *zakat fitrah*. In Al-Quran Surah Al-Baqarah verse 83 Allah SWT has been giving orders to establish prayers and perform *zakat*.

...وَأَقِيمُوا الصَّلَاةَ وَءَاتُوا الزَّكَاةَ ثُمَّ تَوَلَّيْتُمْ إِلَّا قَلِيلًا مِّنكُمْ وَأَنتُمْ مُّعْرِضُونَ
 "... establish salat and pay zakat. Then you do not fulfill that promise, except a few of you, and you always turn away. (Surah Al-Baqarah: 83) "

If humans do not fulfill their duty to establish prayer and pay *zakat*, Allah will give a punishment in the hereafter. Companies as businessmen need to do *zakat* as a form of obedience to the

command of Allah SWT and become a form of corporate accountability to its stakeholders (Raditya, 2012).

In addition to *zakat* transactions, there are also transactions containing elements of *dharar*, *gharar*, *riba*, *maysir*, *risywah*, *maksiat* and tyranny in the fatwa of National Sharia Council (DSN) No: 40 / DSN-MUI / X / 2003 about Capital Market and General Guidelines Implementation of Sharia Principles in Capital Market include:

- 1) *Najsy*, do a fake offer.
- 2) *Bai'al-ma'dum*, sell the goods (Sharia Securities) that have not been owned (short selling).
- 3) Insider trading, use an inside information to gain profit on prohibited transactions.
- 4) Create misleading information.
- 5) Margin trading, transactions on Sharia Securities with interest-based loan facility on the obligation to settle such Sharia Securities.
- 6) *Ihtikar* (hoarding), purchase or collect a Sharia Securities to changes price of Sharia Securities, for influencing other parties.
- 7) And other transactions containing above elements.

Other forms of *gharar* in conventional economics according to Gustani (2013) include non-delivery or margin trading (*future non delivery trading* atau *margin trading*), foreign exchange and non-

commercial transactions (arbitrage), either spot or forward, selling more than the amount owned or purchased (short selling), pure swap transactions, capital lease, futures, warrants, options and other derivative transactions.

The next disclosure is an additional from Othman et al. (2009) is a policy of late payment of accounts receivable and the client bankruptcy. According to Dewi (2012) explains if debt transaction in Islam is permitted, with the intention of helping others. However, if the debtors can not repay the debt, it is better if the party giving the debt provides suspension or write-off of receivables.

It is contained in Surah Al-Baqarah verse 280:

وَإِنْ كَانَ دُوعُسْرَةً فَنَظِرَةٌ إِلَىٰ مَيْسَرَةٍ ۗ وَأَنْ تَصَدَّقُوا خَيْرٌ لَّكُمْ ۖ إِنْ كُنْتُمْ تَعْلَمُونَ

"And if someone is in hardship, then (let there be) postponement until (a time of) ease. But if you give (from your right) charity, then it is better for you, if you only knew. (Surah Al-Baqarah: 280)"

Other disclosures are the Balance Sheet using Current Value Balance Sheet / CVBS and Value Added Statement (VAS). According to Nurhayati and Wasilah (2014), CVBS can resolve the weaknesses of historical cost that inappropriate if it is used in the calculation of *zakat*, which requires the calculation of wealth with the present value. However, CVBS concept is considered ineffective to be applied in Indonesia, due to PSAK Regulation no. 19 (revised 2009) which became effective in the year of January 1, 2011, states

that the entity may choose the cost or revaluation model in measuring the intangible assets. Therefore, CVBS classification is less relevant if used as disclosure criteria in this research. While VAS or statement of the value-added company is a substitute for profit report or as an additional report on the balance sheet and income statement. This report is based on the principle that the most important element in sharia accounting is not the net income of operational performance, but the performance from the stakeholder's point of view and the social value that can be distributed fairly to the groups involved with the value-added companies. Both factors are considered less relevant assessed by researcher if applied to measure the financial report of companies in Indonesia, because there is no relevant regulation in the presentation of the report. Subsequent disclosures by Haniffa and Hudaib (2007) are aspects of investments details made by the company. This details aspect is used to determine what the company's investment activity.

2. Products and Services

The aspect disclosed in this theme is the concept of *halal* and *haram*. Othman et al. (2009) mentioned items that need to be disclosed in this theme are environmentally friendly products, *halal* product status, product safety quality and service for consumer complaints. environmentally friendly products are products from materials that not contaminate the environment and its packaging can

be reused, so it can reduce environmental pollution. Meanwhile, the *halal* status of a product can be known through a sign of *halal* product certification from Indonesian Council of Ulama (MUI). Quran mentioned in Surah Al-Maaidah verse 3 about illicit food,

حُرِّمَتْ عَلَيْكُمْ أَلْمَيْتَةُ وَالْدَّمُ وَلَحْمُ الْخِنزِيرِ وَمَا أُهْلِيَ لغيرِ اللَّهِ بِهِ وَالْمُنْحَنِتَّةُ
وَالْمَوْفُوذَةُ وَالْمُتَرَدِّيَةُ وَالنَّطِيحَةُ وَمَا أَكَلَ السَّبُعُ إِلَّا مَا ذَكَّيْتُمْ ...

Forbidden to you (eat) carcasses, blood, pork, (animal flesh) slaughtered in the name of other than God, the strangled, the smitten, the fallen, the headless and pounced upon by the wild beasts, except for which you slaughtered it, and (forbidden you) slaughtered for idols (Surah Al-Maaidah: 3)

The category of *halal* food is food that does not contain the element of *Haram* food as mentioned in the Surah Al-Maaidah verse 3 above. *Halal* food according to Buya Hamka in al-Azhar tafsir is rice, beans, cucumber, cassava, banana and others as human food. Animals cattle commonly cultivated by humans, such as camels, goats, sheep, cows, chickens, and ducks. The Good food is a meal received by the delicate feeling of humanity, *allowed* eating animals slaughtered by the scribes, any kind of food that comes from the sea and food that comes from a *halal* source (Mulizar, 2014). Another aspect of disclosure in this theme is a quality product and safe, it can increase consumer confidence in a company's product (Rahayu, 2015). While, the service of consumer complaints can be a guarantee of dissatisfaction of products/services provided by the company to the consumer, this complaint service form becomes the guarantee of

the product/service that is less precise viewed from the perspective of the consumer.

3. Employees

The concept of ISR initiated by Haniffa (2002) tells that the employee's theme is based on the concept of *tawhid*, *adl*, and *amanah*. Employees should be treated justice and paid fairly. In addition, employers must fulfill their spiritual obligations (Haniffa, 2002). Some items of disclosure related to employee theme according to Haniffa (2002), Haniffa and Hudaib (2007) and Othman et al. (2009) are working hours per day, holidays, employee benefits, education and training, employee health and safety, equal opportunities between male and female employees, employee involvement, time and worship-related policies, remuneration for employees, employment of other special-interest-group such as physical disabilities or drug victims and employee welfares. In the case of wages, Rasulullah SAW once said: Abdurrahman ibn Zaid ibn Aslam from Abdullah ibn Umar said Rasulullah SAW said:

“Give to his wage workers before his sweat dry (Source: Ibn Majah).”

Hadith above used as a basis for hastening the payment of wages and understood as a suggestion but not an obligation (Roisy, 2010). Companies that concern with their employees should hasten the provision of wages and/or salaries in accordance with applicable

regulations. Because through wages or salaries employees can provide income for their families.

4. Society

The basic concept of community theme according to Haniffa (2002) is *tawhid*, *ummah*, *amanah*, and *adl*. Those Four concepts in this theme emphasizing the importance of sharing and mutual burdens in the community. The form of mutual sharing, mutual help, and help the company can be realized with alms, *wakaf*, and *qard hasan* (loan kindness).

Accordance with the word of Allah SWT,

الَّذِينَ يُؤْمِنُونَ بِالْغَيْبِ وَيُقِيمُونَ الصَّلَاةَ وَمِمَّا رَزَقْنَاهُمْ يُنْفِقُونَ

"Those who believe in the unseen, who establish the prayer, and spend out of the sustenance which We bestow upon them. (Surah Al-Baqarah: 3) "

These items refer to index described previously by Haniffa (2002). Other disclosure items mentioned by Haniffa and Hudaib (2007) and Othman et al. (2009) are volunteers from employees, scholarships for education, fresh graduate empowerment from schools or universities as an internships, youth development, improving the quality of life for the poor, caring for children, and sponsoring for health, recreational, sports, and cultural activities.

The principle of mutual assistance (*ta'awun*) mentioned in Surah Al-Maaidah verse 2, namely:

... وَتَعَاوَنُوا عَلَى الْبِرِّ وَالتَّقْوَىٰ ۖ وَلَا تَعَاوَنُوا عَلَى الْإِثْمِ وَالْعُدْوَانِ ۗ ...

"... and please help you in doing good and piety and do not help in sinning and enmity ... (Surah Al-Maaidah: 2)"

Mutual help in the context of ISR can be attributed to the company's active role in the community around it. How far companies build a society and provide assistance in terms of material or non-material. Alm is a part of the company's form of gratitude for the success of the company's profit, through social performance actions, alms can be distributed to the needy.

5. Environment

The basic concepts being reference for environmental themes are *tawhid*, *khilafah*, *mizan*, *akhirah*, and *i'tidal/israf*. A company as a business actor should be an agent (*khilafah*) who has responsibility for all its policies, being fair and effective in the utilization of natural resources or environmental management. The basic concepts of this theme emphasize the principle of balance, simplicity, and responsibility in protecting the environment. In other words, the Sharia entity should not involve in a destructive activity and harm the environment (Raditya, 2012).

Allah SWT says in Surah Ar-Ruum verse 41:

ظَهَرَ الْفَسَادُ فِي الْبَرِّ وَالْبَحْرِ بِمَا كَسَبَتْ أَيْدِي النَّاسِ لِيُذِيقَهُمْ بَعْضَ الَّذِي عَمِلُوا لَعَلَّهُمْ يَرْجِعُونَ

"It has been seen that the destruction on land and at sea is caused by the deeds of the hands of men, that God may feel to them some of their (deeds), that they may return (to the right path)." (Surah Ar-Ruum: 41)

The verse above tells that Allah SWT gives a stern warning to people who do damage on earth, both on land and sea will get the appropriate reckoning. So human can return on the right path (repent). The information on environmental themes refers to Haniffa (2002) and Othman et al. (2009) are environmental conservation, mitigating effects on global warming, environmental education, independent verification statements or environmental audits, and environmental management systems/policy.

6. Corporate Governance

This theme is the additional aspect developed by Othman et al. (2009) in his research. Formally according to Gustani (2013) corporate governance can be defined as a system of entitlements, processes, and overall controls that is established internally and externally over the management of a business entity with the aim of protecting the interests of stakeholders. Corporate governance in Islamic entities differs from Conventional entities. According to Raditya (2012), the practice of corporate governance in Islamic

perspective is one of the Muslim obligations towards Allah SWT then create an "implicit" contract between a man and Allah SWT and the "explicit" contract between a man and his fellow human beings. The differences between corporate governance in Islamic economics and conventional economics look very minor.

Munid's research (2007) explained that the principles of corporate governance in Islamic economics is divided into four principles, as follow as:

- 1) Accountability
- 2) Transparency
- 3) Fairness
- 4) Responsibility

Four principles above have the same reference in Amalina's research (2014). The economy in Islam should be based on the value of justice, truth and the value of responsibility. Accordance with the commandment of Allah SWT in Surah Al-Baqarah verse 282:

O you who have believed, when you contract a debt for a specified term, write it down. And let a scribe write [it] between you unjustly. Let no scribe refuse to write as Allah has taught him. So let him write and let the one who has the obligation dictate. And let him fear Allah, his Lord, and not leave anything out of it. But if the one who has the obligation is of limited understanding or weak or unable to dictate himself, then let his guardian dictate in justice. And bring to witness two witnesses from among your men. And if there are not two men [available], then a man and two women from those whom you accept as witnesses - so that if one of the women errs, then the other can remind her. And let not the witnesses refuse when they are called upon. And do not be [too] weary to write it, whether it is small or large, for its [specified] term. That is more just in the sight of Allah and stronger as evidence and more likely to prevent doubt

between you, except when it is an immediate transaction which you conduct among yourselves. For [then] there is no blame upon you if you do not write it. And take witnesses when you conclude a contract. Let no scribe be harmed or any witness. For if you do so, indeed, it is [grave] disobedience in you. And fear Allah. And Allah teaches you. And Allah is Knowing of all things.

The items will be disclosed in this theme are status of compliance with sharia, shareholding structure, details of the board of commissioner's profile, duties and responsibilities of the board of commissioners, details of the board's profile, duties and responsibilities of the board of directors, and the disclosure of the existence of lawsuits and anti-corruption policies.

2. Factors Affecting Level of Disclosure Islamic Social Reporting (ISR)

a. Company Size

According to Suwito and Herawaty (2005) Company Size is a scale that can classify as a small or large company according to various ways. In spite of Economic theory, intuition, and empirical evidence explain if company size has a positive influence on disclosure (Owusu & Ansah, 1998). Companies that have large size will provide more information than small size companies. According to Rahayu (2015), the larger size of the company will usually disclose more available information to investors in connection with an investment in the company. The larger companies tend to have higher public demand for information than smaller companies. If associated with agency theory, larger companies with greater agency costs will disclose more information to reduce agency costs. In

addition, large corporations are highlights, a bigger disclosure is a kind of corporate social responsibility to the environment (Sembiring, 2005: 381).

Rouf (2011) explains that the managers reason of large company tend to disclose and recognize the benefits of disclosure, while the small companies feel insecure or endanger their competitive position. The size of both small and large companies have different considerations in disclosing their corporate information. In the Giannarakis research (2014) explained that large companies would be more likely to disclose their company information because they have a large number of stakeholders and are under pressure to provide much information on the disclosure of their legitimacy due to the company's business activities.

In formulating the size of company can use several ways. According to Giannarakis (2014) how to measure company size can be done by calculating the number of employees, the market value of equity, turnover, market capitalization, and total assets. Meanwhile, according to Suwito & Herawaty (2005) company size can be measured by total assets, log size, stock market value, and others. In this research used total assets as a proxy to calculate the company size.

b. Company Age

One of the predictive factors that may affect ISR disclosure is company age. According to Dewi (2013), company age reflects how long the company is able to survive. Companies with younger age are predicted to spread more information than older companies, with the purpose of reducing uncertainty in operating risks and boosting their confidence in investors (Raditya, 2012). In this research, company age is calculated from the difference between the year of research and the year of establishment of the company.

On the opposite side, a company with older ages likely disclose more information than younger companies. Because older company have more information to disclose. Owusu and Ansah (2012) explain that there are three reasons why older companies will disclose more information than younger companies. First, a company with younger age will get competitive disadvantage if the company discloses research expenses, capital expenditures, and product development. Competitive losses will arise when the companies information disclosed by the newly formed company is used by other competitors.

On the other hand, an older age company is actually motivating to disclose information because the presentation will not endanger their competitive position. Secondly, cost and easiness of collecting, processing, and disseminating necessary information are

considered to be an obstacle. These costs are a huge expense for a company at a younger age. Third, companies with a younger age do not have a reliable track record of public disclosure.

c. Profitability

Profitability is the ability of a company to earn profits in relation to sales, total assets, and own capital (Sartono, 2014: 122). The relationship between the disclosure of corporate social responsibility and corporate profitability has been believing that it can reflect the view that social reactions require managerial styles by the management to make a profit. The higher level of corporate profitability will make the greater disclosure of social information (Rahayu, 2015).

In some previous research, the term profitability commonly called as economic performance. Profitability can be measured using several ways such as ROA, ROE, ROCE, earnings per share, dividends in a period, profit margin, rate of return and others (Raditya, 2012). In this research, company's profitability value is measured by Return On Equity (ROE). According to Walsh (2004), ROE is the most important ratio in corporate finance. ROE measures the absolute return which the company will give to shareholders. The shareholders expect to get a return on their money, and ROE shows the amount of the return from an accounting standpoint (Brigham and Houston, 2012: 149). According to Giannarakis (2014), a

positive relationship between profitability and disclosure of social responsibility can attribute to the fact that a profit-driven company has the freedom and flexibility to expose its social performance practices more broadly to corporate stakeholders.

3. Jakarta Islamic Index (JII)

The object in this research is a company registered in Jakarta Islamic Index (JII) during the period 2012-2016. JII is the first sharia stock index launched in the Indonesian capital market in 2000. JII constituents consist of only 30 most liquid sharia stock listed on the Indonesia Stock Exchange (IDX). Sharia stocks review as JII's constituents is conducted twice a year that is May and November, following OJK review schedule. The stocks that can be registered become part of sharia stock accordance with Bapepam-LK regulation no. II.K.1 is as follows:

1. Companies that not engage in business activities that are contrary to Sharia Principles referred to in item 2 letter a rule Number IX.A.13 as follows:
 - a. Gambling and games classified to gambling or forbidden trading.
 - b. The trade that is prohibited by sharia, such as:
 - 1) A trade which is not followed by the delivery/transfer of goods and/or services
 - 2) Trade of fake supply and demand.

- c. Conducting financial services that apply the concept of *ribawi*, such as:
 - 1) Interest-based Bank, and
 - 2) Interest-based finance companies.
 - d. Buy and sell risks containing speculation (*gharar*) and/or gambling (*maysir*).
 - e. Producing, distributing, trading, and or providing:
 - 1) A forbidden goods and or services because of the substance (*haram li-dzatihi*)
 - 2) Unlawful goods or services not because of the substance (*haram li-ghairihi*) established by DSN-MUI; and or
 - 3) Goods and or services that are destructive to morality and harmful; and or.
 - 4) Transactions that contain elements of bribery (*risywah*).
2. The fulfill companies which follow financial ratios:
- a. Total interest-based debt compared to total assets of not more than 45%.
 - b. Total interest income and other unlawful income compared to not more than 100% total revenue (revenue).

Types of business activities that are contrary to the principles of sharia have been regulated in the DSN-MUI Fatwa No: 40 / DSN-MUI / X / 2003 concerning Capital Market and General Guidelines for the Implementation of Sharia Principles in the Capital Market Sector, are;

- a. Gambling and games classified to gambling or forbidding trade;
- b. Conventional financial institutions (*ribawi*), including conventional banking and insurance;
- c. Producers, distributors, and forbidden food and beverage traders; and
- d. Producers, distributors, and/or providers of goods or services that damage morality and harmful.
- e. Investing in Issuers (companies) that transaction level (*nisbah*) debt of companies to financial institutions *ribawi* more dominant than capital.

There are other sharia stock indexes listed on BEI beside JII namely ISSI (Indonesia Sharia Stock Index). ISSI is a stock index that reflects total sharia shares listed on the IDX. ISSI constituents are all Sharia shares listed on IDX and listed in List of Sharia Securities (DES). ISSI constituents adjusted if there are newly registered Sharia stocks or deleted from the DES. ISSI is a sharia stock index that reflects the total sharia shares listed on the IDX, while JII is a stock index reflects 30 stocks of the sharia stocks.

JII selection process based on Sharia stock trading performance performed by BEI is as follows:

- a. Shares selected are Sharia shares that belong to the DES issued by OJK
- b. Then 60 sharia stocks are selected based on largest capitalization sequence for the past 1 year

- c. 30 shares selected from 60 stocks that have the largest capitalization on the level of liquidity are the order of the largest transaction value in the regular market during the last 1 year.

Companies that issue sharia shares and listed on JII indicate that their liquidity level is high. It is likely to have an impact on the performance of a good company, so it is predicted to disclose more social responsibility to the community as its stockholders or other parties as stakeholders. In addition, JII can be used as a benchmark in the selection of sharia stock portfolio.

4. Disclosure

Disclosure is defined as no cover or no hide. When it is associated with a financial statements, disclosure implies that the financial statements should provide sufficient information and explanation of the results of a business activity. The information disclosed should be useful and not confusing users of financial statements to assist economic decision making (Ghozali and Chariri, 2014: 407-408). Conceptual disclosure by Suwardjono (2014) is an integral part of financial reporting. While technically, disclosure is a final step in the accounting process which is the presentation of information in the form of a full set of financial statements.

There are two disclosures of the company's financial statements: mandatory disclosure and voluntary disclosure. Mandatory disclosure is the disclosure of company information required by the accounting

standards or regulatory board. While voluntary disclosure is the disclosure of company undertakes to disclose information outside that required by the accounting standards or regulatory board (Suwardjono, 2014: 583). The Regulations on disclosure of financial statements of companies in Indonesia is regulated by the Financial Services Authority (OJK). OJK itself was established to replace Capital Market and Financial Institution Supervisory Agency (Bapepam-LK).

Suwardjono (2014: 579) states if the theoretical problem of the disclosure can be shown in the form of the following question:

- a. For whom the information is disclosed?
- b. Why does the disclosure need to be made?
- c. How much the information should be disclosed?
- d. How and when the information should be disclosed?

The questions above should be answered by the company that will disclose the disclosure, so the disclosure becomes clearly directed in its purpose. For everyone and every parties who use the disclosed information, the number, purpose of disclosure, the manner in which it is used and the exact time of disclosure. It relates to the problem of how much information should be disclosed called the level of disclosure. According to Ghozali and Chariri (2014: 411). The exact level of disclosure should be determined because many or little informations are unprofitable for the company. Decisions about what will be disclosed should be based on the basic objectives of financial reporting. If the goal

leads to the investor, then one of the objectives is the presentation of adequate information in order to be able to be compared with the expected results.

In Islamic economics, accountability and information transparency are needed to generate good and fair disclosure of reports and to fulfill the rights of stakeholders and stockholders. Raditya (2012) describes the main accountability is to Allah SWT. The basic concept of Islamic accountability believes that all available resources for individuals is in the form of trust. Therefore, the disclosure of financial facts must contain correct, accurate, and available information that free to financial report users. Disclosures should also provide sufficient information needed for the decision making of financial report users. Through the concept of the disclosure can be a form of strong ethics in Islamic accounting system, which is expected to improve the quality of disclosure in order to be more precise and transparent.

5. Agency Theory

Agency theory is a theory that explains the relationship between agents (directors/management) with the principals (owners of capital/party decision makers). Suwardjono (2005: 485) explains that agency relationship is a relationship between principals and agents which in the agent side acts on behalf of and for the principal's interest and for its actions the agent gets a fee. The relationship is usually expressed in the form of a contract. In agency theory, the agent is usually regarded as

the party who wants to maximize himself but he still always tries to fulfill the contract. The contract can be efficient when it encourages the party to implement what is agreed without a conflict and the parties get the most optimal results from the various possible alternatives of action that the agent has done. An efficient contract is a contract that can minimize the conflict and encourages contractors to implement what is agreed.

Meanwhile, Fahrizqi (2010) states that agency theory assumes that all individuals act on their own behalf. So there is a conflict of interest between the owner and the agent because the agent sometimes may not do as the principle interests, thus causing agency costs. Shareholders as principals are assumed to be only interested in increased financial results or their investment within the company. Agents are assumed to receive satisfaction in the form of financial compensation and the terms that include in its relationship. Managers as agents will try to fulfill all the principal want, in this case, the disclosure of social responsibility information is a form of corporate responsibility.

Agency theory also raises an information asymmetry between the agent and the owner. The information asymmetry between the agent and the owner may provide an opportunity for the manager to take opportunistic actions such as earnings management on the performance of the company's economy so that it may disserve the owner (shareholder). Because of that, there are agency problems caused by

conflicts of interest and asymmetry information, companies must bear agency costs. The agency costs itself is the cost paid by the owner for the cost of oversight of the agent, the binding expenditure by the agent, and the residual cost (the value of money in case from the deviation of the decision between the agent and the owner resulting in the loss or decrease of the owner's property) (Rokhlinasari, 2016) . This theory can serve as a basis for reporting and disclosure of social performance by agents to principals. Because the principal needs the information on what the agent does to make the transparency of the company's information possible. So it may increase the principal's trust to the agent in managing the business.

6. Stakeholder Theory

Stakeholders are internal and external parties who have a good relationship and influencing or influenced, directly or indirectly by the company. Such internal and external parties as governments, competitors, neighboring communities, the international environment, non-governmental organizations (NGOs and the like), environmental institutions, enterprise workers, minorities and others whose existence strongly influential and influenced by the company (Hadi, 2010). Stakeholder theory assumes that the company's existence is controlled by stakeholders in the company concerned (Mansur, 2012). In this theory, the role of stakeholders is very important in the company operations

because the relationship between the company and stakeholders influences each other.

Ghozali and Chariri (2014: 439) state that a company is not an entity that operates only for its own interest but it must provide benefits to its stakeholders. According to Freeman and McVea (2001), the goal of stakeholder management is to devise methods for managing the various groups and relationships generate in a strategic way. The company is not an entity that operates only for the benefit of the company itself, and to gain support from stakeholders, but the company must be able to provide benefits to its stakeholders. Providing benefits to stakeholders aims to have good relationships between companies and stakeholders themselves. Because the role of stakeholders that influences and be influenced by the activities of the company is quite dominant then it needs a connection to establish a good relationship in which One of that can be executed by providing benefits to stakeholders. Disclosure of social performance by the company can be evidence of reporting social activities conducted by a company to the stakeholders. In that reporting activities can be analyzed how much the role of the company affects its stakeholders/stakeholders.

7. Legitimacy Theory

According to Harsanti (2011), legitimacy theory explains that the organization will continuously operate in accordance with the limits and values received by people around the company in an attempt to gain legitimacy. The process of obtaining legitimacy relates to social

contracts, between contracts which are made by companies and various parties in society. Company performance measured not only by profits generated by the company but also other performance measures related to various interested parties. To gain legitimacy, the company conducts social activities expected by the people around the company's operational activities. The failure to fulfill people's expectations will effect in a loss of legitimacy and then it will impact on the support provided by the people to the company.

Legitimacy itself is the psychological activity of the alignment of people and groups of people who are very sensitive to the surrounding physical symptoms both physical and nonphysical. Community legitimacy is a strategic factor for the company in order to develop the company in the future. That can be used as a way for constructing a corporate strategy, especially, linked to efforts to position itself in the community environment (Hadi, 2010). In the dynamic society, there is no source of institutional power and the need for permanent service. Institutions must pass the test of legitimacy and relevance by demonstrating that society requires the services of a particular company and other group benefiting from the award which is genuinely approved by the community. The underlying theory is the social contract that occurs between the company and the society, in which the company operates and uses the economic resources (Ghozali and Chariri, 2014). Disclosure of corporate social responsibility through its annual report and

its sustainability report is the company's effort to communicate the social activities that have been done by the company to gain legitimacy from the community then the company's business continuity is assured. The company will show that the company can fulfill the social contract with the community in its surrounding environment.

8. Signaling Theory

Signaling theory is the companies way to give the signals to investors for analyzing the financial reports. According to Rokhlinasari (2016) signaling theory emphasizes the importance of information issued by companies on investment decisions outside parties. Information is an important element for investors and stakeholders because essentially, information presents explanation, notes or images of the past, present and future circumstances for the survival of a company. Complete, relevant, accurate and timely information is needed by investors in the capital market as an analytical tool to make investment decisions. In this theory, suggests that the organization will try to show the signal of positive information to the potential investors through disclosure in the financial statements (Miller and Whiting, 2005). The company has a motivation to disclose private information voluntarily because the company expects that information can be interpreted as a positive signal on company performance and is able to reduce information asymmetry (Leland and Pyle, 1977).

One type of information published by the company and can be used as a signal for parties outside the company is an annual report. The information disclosed in the annual report may be accounting information/financial statements and which are not related to the financial statements. All investors need information to relate portfolio diversification and investment combat with desired risk preferences (Rokhlinasari, 2016). Companies that want their stock is bought by investors should disclose financial statements openly and transparently. Both in accounting or non-accounting information. One of non-accounting information that relates to corporate credibility is the performance disclosure, in which the social performance reports the role of companies in managing the environment and the among people. The more company discloses their social performance, the more it will have a better corporate credibility.

9. Sharia Enterprise Theory (SET)

Sharia Enterprise Theory (SET) is an enterprise theory that has been internalized with Islamic values to produce a transcendental and more humanist theory. The concept of enterprise theory more closely resembles stakeholder theory, as both theories concede the existence of stakeholder as stakeholders and corporate responsibility. Diversification of economic power in the concept of sharia is highly recommended because sharia prohibits the circulation of wealth only in certain circles. However, enterprise theory needs to be developed more in order to have

a form closer to sharia. Such development has been attempted in such a way, and acquired a form of the theory known as Sharia Enterprise Theory/SET. This theory is concerned not only to the interests of the individual (in this context is the shareholder), but also to the broader stakeholders, including God, man, and nature (Triyuwono, 2007).

In this theory, stakeholders defines with a broader scope. By vertical relationships, companies need to be responsible for their business activities to Allah SWT. God is the ultimate party and the goal of human life to achieve His approval. While horizontally, a company needs to be responsible for their business activities in humans and the environment. Triyuwono (2007) explains about three broad range of stakeholders according to SET. The first stakeholder in SET is Allah SWT. By placing God as the ultimate stakeholder, the connecting line for sharia accounting remains aimed at "awakening the consciousness of the Lord" of its users. Through the concept of SET, making sharia accounting is only built on the rules and laws of God.

The second stakeholder in the SET group is people. In this concept, Triyuwono (2007) explains that human being as stakeholders can be divided into two groups, namely direct-stakeholder and indirect-stakeholder. The differences between them are the role of contributing to the company, whether in financial or non-financial terms. Direct-stakeholder is a party that directly contributes to the company, while indirect-stakeholder is a party that does not contribute anyway to the

company. Both have their respective portions to get the welfare of the company.

The third category in SET concept is nature. According to Triyuwono (2007) nature is a party that contributes to the life of the company. The company builds its assets on the earth, uses energy scattered in nature, and provides services to others by using the energy available in nature. The real distributions of welfare to the nature in the form of the company's concern for nature conservation, pollution prevention, and others. The vertical and horizontal relationships of social accountability are applied by applying the Quranic verses as the foundation of social activity. SET put God at the center of everything. God is the center of humans return and the universe, while man acts only as His representative who has the consequence of obedience to all the God laws. Human and natural obedience solely in order to return to God with a calm soul.

B. Relevant Research

Some previous research that has been conducted and related to factors that affect the ISR disclosure are:

1. Research by Amilia Nurul Raditya (2012) entitled "*Analisis Faktor-Faktor yang Mempengaruhi Tingkat Pengungkapan Islamic Social Reporting (ISR) Pada Perusahaan yang Masuk Daftar Efek Syariah (DES)*"

This research aims to identify the factors that influence the level of ISR disclosure on companies listed in the List of Sharia Securities (DES) during period 2009-2010. The characteristics of the tested company consist of sukuk issuance, company size, profitability, industry type and age of the company. Data analysis technique used is multiple linear regression. The results showed that company size and profitability have a significant positive effect on the level of ISR disclosure. However, the issuance of sukuk, industry type and age of the company is not a significant determinant factor in influencing the ISR disclosure rate. The similarity of both research Raditya (2012) and this research is using an independent variable of company size, company age, and profitability to be tested at the level of ISR disclosure. The differences are in the research object, the number of independent variables selected, and the study period. The object of research in this research is companies registered in JII during 2012-2016, while research Raditya (2012) use companies that listed in List of Sharia (DES) during the year 2009-2010.

The number of independent variables in Raditya research (2012) is five independent variables, while the independent variables of this study amounted to three variables.

2. Research by Indah Fitria Karunia Dewi (2012) entitled "*Analisis Pengaruh Profitabilitas, Ukuran Perusahaan, dan Porsi Kepemilikan Publik atas Saham terhadap Pengungkapan Islamic Social Reporting Pada Perusahaan Jakarta Islamic Index*"

This research examines the effect of profitability, leverage, liquidity, company size, and the public ownership of the shares on the company disclosure of Islamic Social Reporting at the Jakarta Islamic Index (JII) during 2009-2011. Data analysis technique used is multiple linear regression analysis. The results show that profitability and firm size have a significant effect on ISR disclosure, while leverage, liquidity and public ownership of shares do not have a significant influence on ISR disclosure. The similarity of Dewi's research (2012) with this research is both using an independent variable of company size and profitability to be tested at ISR disclosure level at company registered in JII. The differences are both in the number of independent variables selected, and the study period. The number of independent variables in the research of Dewi (2012) is five independent variables, while the independent variables of this study amounted to three variables.

3. Research by Aryandra Andaru (2015) entitled "*Analisis Faktor-Faktor yang Mempengaruhi Pengungkapan Islamic Social Reporting*"

The purpose of the research is to analyze the factors that affect the disclosure of Islamic Social Reporting (ISR) in sharia-based companies listed in the Jakarta Islamic Index (JII) period 2013-2014. Variables used in the research are company size, profitability, and age of the company. The research method used is multiple linear regression analysis. The results showed that profitability had a significant positive effect on the level of ISR disclosure. While company size and company age have no significant influence in ISR disclosure rate. Similarities between the research conducted by Aryandra Andaru with this research is using company size, company age, and profitability as the independent variable. The difference between these two research is the time period used. This research conducting on companies listed in JII during the period 2012-2016, while Aryandra Andaru's research was only performed on companies registered in JII during the period 2013-2014.

4. Research by Nailil Faricha (2015) entitled "*Analisis Faktor-Faktor yang Mempengaruhi Islamic Social Reporting Pada Perusahaan Pertambangan yang Terdaftar dalam Indeks Saham Syariah Indonesia (ISSI) Tahun 2011-2014*"

The purpose of the research is to analyze factors that affect ISR disclosure on companies listed in ISSI on period 2011-2014. Factors that used are company age, company size, profitability and independent

commissioners. The analytical method used is multiple regression method. Results from the research indicate that profitability and company age did not significantly influence the ISR. Independent commissioners and company size significantly affect the ISR disclosure. The similarity of research Faricha (2015) with this research is both using an independent variable of company size, company age, and profitability to be tested at the level of ISR disclosure. The differences are both in the research object, the number of independent variables selected, and the study period. The object of research in this research is companies registered in JII during 2012-2016, while research Faricha (2015) use companies that listed in ISSI during the year 2011-2014. The number of independent variables in Faricha (2012) is four independent variables, while the independent variables of this study amounted to three variables.

5. Research by Tantri Puji Rahayu (2015) entitled "*Analisis Faktor-Faktor yang Mempengaruhi Pengungkapan Islamic Social Reporting (ISR) (Studi Empiris pada Perusahaan yang Terdaftar di Jakarta Islamic Index (JII) periode 2010-2013*"

The research used company size, profitability and environmental performance as independent variables to analyze the factors that affect the disclosure of ISR on companies listed in JII on period 2010-2013. The research method is multiple linear regression analysis. The result of the research showed that company size factor has a significant effect on ISR disclosure, while profitability and environment performance have no

significant effect on ISR disclosure. Similarities between the research conducted by Tantri Puji Rahayu with this research is using company size and profitability as independent variable. The difference between these two research is the time period used. This research conducting on companies listed in JII during the period 2012-2016, while Tantri Puji Rahayu's research was performed on companies listed in JII during the period 2010-2013. In spite of, this research does not use environment performance as an independent variable and use company age to be an independent variable.

6. Research by Muhammad Fajrul Novrizal and Meutia Fitri (2016) entitled "*Faktor-Faktor yang Mempengaruhi Pengungkapan Corporate Social Responsibility (CSR) pada Perusahaan yang Terdaftar di Jakarta Islamic Index (JII) Tahun 2012-2015 dengan Menggunakan Islamic Social Reporting (ISR) Index sebagai Tolak Ukur*"

This study aims to obtain empirical evidence about the analysis of factors that affect the disclosure of Corporate Social Responsibility (CSR). Factors used are profitability, industry type, environmental performance and company size. The CSR measurement used is based on the ISR Index and uses the annual report as the research object. Data analysis used is multiple regression method. The results showed that environmental performance and company size have a significant influence on ISR disclosure, while profitability and industrial type have no significant effect on ISR disclosure. The similarity of research of

Novrizal and Fitri (2016) with this research is both using company size and profitability as an independent variable to tested on ISR disclosure at companies registered in JII. The difference between the two is in the research of Novrizal and Fitri (2016) using industry type and environmental performance as independent variable to be tested on ISR disclosure at companies registered in JII, while in this research add the age variable of company to test the influence of the variable on ISR disclosure company registered in JII. In addition, the study period of Novrizal and Fitri (2016) is only for four periods (2012-2015) while this research uses five periods of research year (2012-2016).

7. Research by Nisa Fajriyatun Nadlifiyah and Nisful Laila (2017) entitled *"Analisis Pengaruh Kinerja Perusahaan Terhadap Pengungkapan ISR Bank Umum Syariah Tahun 2010-2014"*

The purpose of this research is to analyze the effect of company size, company age, profitability and liquidity on ISR disclosure at Sharia Commercial Bank. The research method used is a panel data regression analysis technique. The results showed that simultaneously company size, company age, profitability, and liquidity had a significant influence on ISR disclosure. Corporate life and profitability partially also have a significant effect on ISR disclosure. While company size and liquidity partially have no significant effect on ISR disclosure. The similarity of Nadlifiyah and Laila (2017) research with this research is both using company size, company age and profitability as an independent variable

to analyze the factors that influence ISR disclosure. The difference between both is about the research object. In this study using companies registered in JII during period 2012-2016 as the object of research. Meanwhile, in the research of Nadlifiyah and Laila (2017) use Sharia Commercial Bank period 2010-2014 as an object of research. In Nadlifiyah and Laila's research (2017) also use an independent variable of liquidity to test its effect on ISR disclosure in Syariah Bank, while in this study only use company size, company age, and profitability as an independent variable.

C. Conceptual Framework

1. The Effect of Company Size on The Level of ISR Disclosure

According to Rahayu (2015), the larger size of the company usually will disclose more available information to investors in connection with an investment in the company. Larger companies tend to have higher public demand for information than smaller companies. If associated with agency theory, larger companies with greater agency costs will disclose more information to reduce agency costs. In addition, large corporations are highlights, a bigger disclosure is a form of corporate social responsibility to the environment (Sembiring, 2005: 381). Based on the description above, it can be formulated hypothesis as follows:

H₁: There is a positive effect of company size on the level of ISR disclosure.

2. The Effect of Company Age on The Level of ISR Disclosure

Companies with younger age are predicted to spread more information than older companies, with the purpose of reducing uncertainty in operating risks and to boosting their confidence in investors (Raditya, 2012). On the opposite side, companies with older age likely to disclose more information than younger companies. Because older companies have more information to disclose to investors. Based on the above description, it can be formulated hypothesis as follows:

H₂: There is a positive effect of company age on the level of ISR disclosure.

3. The Effect of Profitability on The Level of ISR Disclosure

The relationship between the disclosure of corporate social responsibility and corporate profitability has been believing can reflect the view that social reactions require managerial styles by the management to make a profit. The higher level of corporate profitability will make the greater disclosure of social information (Rahayu, 2015). According to Giannarakis (2014), a positive relationship between profitability and disclosure of social responsibility can attribute to the fact that a profit-driven company has the freedom and flexibility to expose its social performance practices more broadly to corporate stakeholders. Based on the above description it can be formulated hypothesis as follows:

H₃: There is a positive effect of profitability on the level of ISR disclosure.

4. The Effect of Company Size, Company Age, and Profitability

Simultaneously on The Level of ISR Disclosure

The size of the large and small companies have an influence on the level of corporate social performance in sharia. The age of older companies affects the tendency to disclose more information, as well as the opposite, the companies with young age have reason to disclose more information to attract more investors. While large profitability will affect companies disclose more information to attract more investors. A large company usually in line with the old company and in line with high profitability. Therefore, company size, company age, and profitability are believed can positively affect the level of ISR disclosure. Based on the above description can be formulated hypothesis as follows:

H₄: There is a positive effect of company size, company age, and profitability simultaneously on the level of ISR disclosure.

D. Research Paradigm

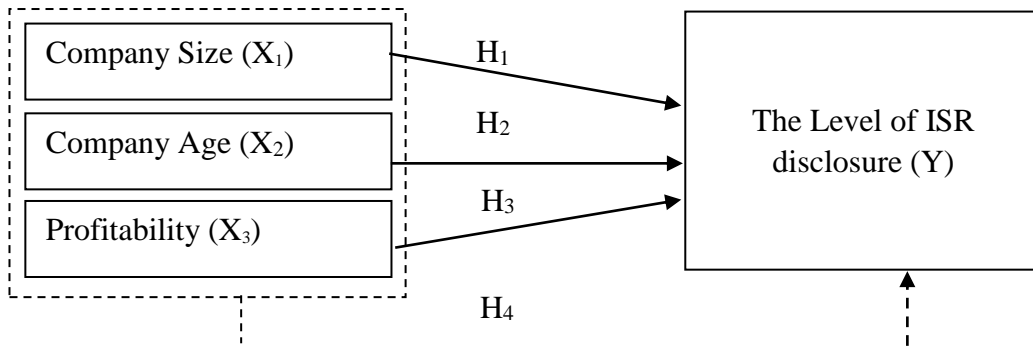


Figure 1. Research Paradigm

Information:

—————→ : The effect of independent variables to dependent variable partially/individually.

-----→ : The effect of independent variables on the dependent variables simultaneously/together.

E. Research Hypothesis

Based on the theoretical foundations mentioned above, it can be proposed the research hypothesis are as follows:

H₁: There is a positive effect of company size on the level of ISR disclosure.

H₂: There is a positive effect of company age on the level of ISR disclosure.

H₃: There is a positive effect of profitability on the level of ISR disclosure.

H₄: There is a positive effect of company size, company age, and profitability simultaneously on the level of ISR disclosure.

CHAPTER III RESEARCH METHODE

A. Types of Research

This research uses a quantitative approach. A quantitative approach is a method to examine a particular population or sample where data collection is using research instruments and data analysis is quantitative, aims to test predefined hypothesis (Sugiyono, 2016: 11). The type of investigation in this research is the causal relationship, which is a causal relationship. In a causal study, there are independent variables (variables that effect) and dependent (variables that are affected) (Sugiyono, 2016: 37). According to Sekaran (2011: 165), a causal study is a study where researchers want to find the cause of one or more problems. The purpose of this research is to test the hypothesis that examines the relationship between two variables namely, variable independent company size, company age, and profitability to the dependent variable is the level of Islamic Social Reporting disclosure.

The formulation of the problem used is the associative problem formulation which is a formulation asking the relationship between two variables or more (Sugiyono, 2016: 36), while the sources that used are secondary data sources obtained indirectly and usually tangible data documentation or data reports that have been available (Azwar, 2016). The horizon time in this research is cross-sectional in which research can be done once if data has collected in daily, weekly or monthly periods to answer research questions (Sekaran, 2011: 177).

B. The Place and Time Research

This research is conducted on companies that issued about sharia securities listed in the Jakarta Islamic Index (JII). The Company data is obtained through JII stock list that is issued by the Indonesia Stock Exchange (IDX) which can be seen in www.idx.co.id. All of the sample is selected by selecting the company data. The collection process of company data which be the sample is also gotten from IDX website and the company website. The data collection is conducted in December 2017-February 2018 and collected from annual reports and sustainability reports (if the company published) publishing in 2012-2016 and obtained through the official website of IDX and the other company websites. In March-June 2018, the researcher analyzed the data and prepared the research reports.

C. Operational Definition of The Variables

Variables are anything that can differentiate or make variations on value (Sekaran, 2011: 115). The variables in this research are the dependent variable and independent variable. The dependent variable is the main concern of the research, while the independent variable is the variable that influences the dependent variable, negative or positive either (Sekaran, 2011: 116-117). Meanwhile, according to Siregar (2010: 110), the dependent variable is a variable that is affected or become a result due to the existence of other variables (independent variables). The independent variable is the variable that causes or changes/affects another variable.

This research uses one dependent variable and three independent variables.

1. Dependent Variable

The dependent variable in this research is The Level of ISR Disclosure which is procured from the ISR index value for each company in the period 2012-2016. Islamic Social Reporting or ISR is a special framework form used for appropriate social responsibility reporting (CSR) with a sharia perspective. ISR serves as a reporting way to fulfill the principles of accountability and transparency between people and God, people with people, and people with nature. The assessment of sharia corporate social responsibility disclosure level can be measured by the conformity of annual report with the index of ISR consisting of 6 themes of disclosure (Haniffa, 2002; Haniffa and Hudaib, 2007; and Othman et al. 2009), then, from each theme, there is a sub-theme of disclosure which amounted up to 43 sub-themes. The six underlying themes in the level of corporate social responsibility disclosure are:

- a. Finance and Investment
- b. Products and Services
- c. Employees
- d. Society
- e. Environment
- f. Corporate Governance

The dependent variable in this research is given by The ISR symbol. The ISR Index Scoring has been done by giving scores on each

item that expressed on the company's annual reports. If any items disclosed will get score "1", and if there is no item revealed, it will get score "0". If all item is fully disclosed, the maximum score will be 43. To find out how much the level of cumulative ISR index disclosure, it can be used the following formula:

$$\text{Index ISR} = \frac{(\text{Number of points disclosed})}{(\text{Total score maximum})} \times 100 \%$$

2. Independent Variable

There are three independent variables in this research. Those are Company Size proxied with SIZE, Company Age proxied with AGE, and Profitability proxied with ROE.

a. Company Size (X₁)

Company Size is a scale that can classify as a small or large company according to various ways. In this research used total assets as a proxy to calculate the company size. Total assets is obtained from the statement of financial position at the end of the period in the company's annual report. Total assets can show the amount of the company's ownership in terms of the current assets summaries with fixed assets. So, the total assets valued can represent the company size. The variable of the company size in this research uses Rupiah currency unit and gives SIZE symbol. Company size is changed to natural logarithm (ln) to equate with other variables to form formula:

$$\text{SIZE} = \ln (\text{Total Assets})$$

b. Company Age (X₂)

Company Age reflects how long the company is able to survive. Company Age is calculated from the difference between the year of research and the year of establishment of the company. Such information that is from the company's website or each company's annual report. This independent variable is symbolized by AGE.

c. Profitability (X₃)

Profitability is the ability of a company to earn profits in relation to sales, total assets, and own capital. Profitability in this research is measured by Return On Equity (ROE). According to Walsh (2004), ROE is known as the most important ratio in corporate finance. ROE measures the absolute return of the firm that will give to the shareholders. The shareholders expect to get a return on their money, and ROE shows the amount of the return from an accounting standpoint (Brigham and Houston, 2012: 149). In this research, ROE has been chosen as a way to measure profitability because ROE can show the amount of absolute return of investors shares.

The higher ROE indicates that the company has succeeded in managing the shares and has an influence on the increasing investors who will make investments. It is predicted to made the company disclose its social performance more widely because it has more profit, that can be channeled to carry out its social responsibility in

sharia. In addition, the disclosure of social performance can increase investor confidence in the management of good corporate funds. This profitability variable uses the Rupiah currency unit and is symbolized with ROE.

The formula for calculating profitability is:

$$\text{ROE} = \frac{(\text{Net profit})}{(\text{common equity})}$$

(Source: Brigham & Houston, 2012).

Information:

ROE = Return on Equity

Net Profit = profit of the current year after tax has been derived in the statements of comprehensive income in the annual report

Common Equity = common equity which has been derived from the statement of financial position in the annual report

D. Population and Sample

1. Population

The population according to Sugiyono (2016: 80) is a generalization consisting of objects/subjects that have certain qualities and characteristics set by researchers to be studied and then drawn conclusions. Meanwhile, according to Kuncoro (2003: 103), a population

is a group of complete elements, which are usually in the form of people, objects, transactions or events in which the researcher is interested to research or be the object of research. The population of this research is a company that issued Sharia shares listed in the Jakarta Islamic Index (JII) in 2012-2016.

2. Sample

According to Kuncoro (2003: 103) sample is a compilation of the population unit. Meanwhile, according to Sugiyono (2016: 81), the sample is part of the number and characteristics possessed by the population. The sample in this research is a company that is selected based on purposive sampling technique. Purposive sampling is a technique for determining the samples with a certain deliberation (Sugiyono, 2016: 85). The use of this technique aims to get a sample in accordance with the expected criteria. Sample criteria that is used in this research are:

- a. Companies that is included in the list of Jakarta Islamic Index (JII) in period 2012-2016 continuously. List of Sharia Securities will be updated once in six months, as well as shares listed in JII. So, the sample used in this research is a company is registered continuously in JII for five periods.
- b. Companies publish an annual report in the period 2012-2016.

- c. The Companies that use Rupiah currency as the unit of currency in the company's financial statements aim to provide equal treatment to all samples of corporate financial statements. So it makes the results are not biased.

Based on the selection results with the above criteria, the number of samples show in Table 1.

Table 1. The Selection Results of Purposive Sampling

No	Sample	Total
1.	The companies that listed in JII on the period 2012-2016	150
2.	Elimination of non-continuous companies listed in JII in the period 2012-2016	80
3.	The companies elimination that uses currencies except Rupiah	10
The summary of the sample that matches with the criteria		60

E. Data Collection Techniques

The data collection technique that is used is secondary data. The Secondary data in this research is 60 annual reports of companies in the period 2012-2016. This research concerns the data that has been collected and scores using the ISR Index. The scoring is used to assess CSR disclosure items in the sharia perspective on companies listed in JII on the period 2012-2016. The instrument in this research contains a list of ISR scores, where the ISR component uses an adjustment of previous studies which researcher finds the relevant to apply to companies that issue sharia shares. The ISR index in

this research uses 6 (six) disclosure themes, namely Finance and Investment, Products and Services, Employees, Society, Environment and Corporate Governance.

The content analysis methods which used in this research are to identify the disclosure type of ISR by reading and analyzing the company's annual reports and sustainable reports (if only the company publishes it). Disclosure characteristics the form of words, sentences, representation or graphics are encoded according to their disclosure. Disclosures which are contained in annual or sustainable reports are not counted from the number of disclosures that arise, provided that at least one item is disclosed in any form, the subject of disclosure is declared available.

F. Data Analysis Techniques

In this research used some data analysis techniques to test and process the data. Data analysis techniques used in this research are as follows:

1. Descriptive Statistic

Descriptive statistic is statistic used to analyze data by describing data that has collected without intending to make general conclusions or generalizations (Sugiyono, 2016: 147). Descriptive statistic provide descriptions of data viewed from minimal-maximal values, mean values, and standard deviations. This test used to to make the variables that used in the research is easier to understand.

2. Classic Assumption Test

The classical assumption test aims to determine the feasibility of using the regression model so as not to cause bias in the data analysis (Rahayu, 2015). The classical assumption test in this research consists of the normality test, heteroscedasticity test, multicollinearity test, and autocorrelation test.

a. Normality Test

The normality test aims to determine whether or not the normal distribution of data by comparing the data and the normally distributed data that has the same mean and standard deviation (Sarjono and Julianita, 2011: 53). The normality test aims to test whether, in the regression model, the intruder or residual variable has a normal distribution or not (Ghozali, 2013: 154).

According to Ghozali (2013), there are two ways to detect whether residuals are normally distributed or not by graphical analysis and statistical tests. Statistical tests performed are using Kolmogorov-Smirnov (K-S). Normality test using Kolmogorov-Smirnov (K-S) is normally distributed if the residual data have Asymp Sig value greater than 0.05 (5%).

b. Heteroscedasticity Test

Heteroscedasticity test aims to test whether in the regression model there is a variance inequality of the residual one observation to the other. If the variant of the residual one observation to another

observation remains, then it is called homoscedasticity, while a different variant is called heteroscedasticity. A good regression model has no heteroscedasticity (Ghozali, 2013: 134). This research uses the Glejser Test to regress the residual absolute value of the independent variables. If independent variables are statistically significant (less than 0.05 or 5%) to independent variables, there is an indication of heteroscedasticity. If the independent variable is not statistically significant (more than 0.05 or 5%), the regression does not contain any heteroscedasticity.

c. Multicollinearity Test

Multicollinearity test aims to test whether in the regression model found a correlation between independent variables. A good regression model should not occur the correlation between independent variables (Ghozali, 2013: 103). To detect the presence or absence of multicollinearity in the regression model can be seen from the tolerance value or variance inflation factor (VIF). Tolerance measures the variability of selected independent variables and has not been explained by other independent variables. So low tolerance value is equal to a high VIF value. The cut-off values generally use are:

- 1) If tolerance value is >10 percent and VIF value < 10 , then it can be concluded that there is no multicollinearity among independent variables in the regression model.

2) If the tolerance value is <10 percent and the VIF value >10, then it can be concluded that there is multicollinearity between the independent variables in the regression model.

d. Autocorrelation Test

Autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding error in period t with the intruder error in period $t-1$ (previous). Autocorrelation arises because sequential observations overtime relate to each other. This is often found in time series data because the "disruption" of the data tends to affect the "disruption" in the same data in the next period. A good regression model is a regression independent of autocorrelation (Ghozali, 2013: 107). One way to perform an autocorrelation test is by Durbin Watson (DW) test.

DW test criteria used to determine the existence of autocorrelation problems are as follows:

Table 2. Criteria to determine Autocorrelation Test (Durbin Watson)

The null hypothesis	Desicion	Condition
There is no positive autocorrelation	Reject	$0 < d < dl$
No positive autocorrelation	No decision	$dl \leq d \leq du$
No negative autocorrelation	Reject	$4-dl < d < 4$
No negative autocorrelation	No decision	$4-du \leq d \leq 4-dl$
No positive or negative autocorrelation	No denied	$du < d < 4-du$

3. Hypothesis Test

a. Simple Linear Regression Analysis

This simple regression analysis bases on the causal relationship between an independent variable (X) and a dependent variable (Y). The researcher uses simple regression analysis to predict the influence of the independent variable (X) on the dependent variable (Y). Simple linear regression equation in this research is obtained by using the formula:

$$Y = a + bX$$

Information:

Y = the level of ISR disclosure

a = constanta

b = regression coefficient

X = company size/company age/profitability

If the values of a and b are found, then a simple linear regression equation can be constructed. The created regression equation can be used to predict how the value of the dependent variable will occur if the value of the independent variable is set.

b. Multiple Linear Regression Analysis

Multiple linear regression analysis is an analysis that used to measure the influence of two or more independent variables (X1, X2, X3) on one dependent variable (Y).

Multiple linear regression equation in this research is as follows:

$$ISR = \beta_0 + \beta_1 SIZE_{it} + \beta_2 AGE_{it} + \beta_3 ROE_{it} + \varepsilon_{it}$$

Information:

ISR = the level of ISR disclosure index

SIZE = natural logarithm of total assets

AGE = difference between a year of research with a year of establishment of a company

ROE = ratio of net income to total equity

I = sample company (i = 1, 2, 3, ...)

t = year 2012-2016

β_0 = constanta

$\beta_1 - \beta_3$ = regression coefficient

ε = error

c. Coefficient of Determination (R^2)

According to Ghozali (2013: 171) the coefficient of determination is used to examine the goodness-fit of the regression model. The coefficient of determination denoted by R^2 is an important measurement in the regression in the case to inform whether the regression model is well-estimated or not. The value of the determination coefficient shows how close the regression line has been estimated with the actual data and also reflects the variance of the dependent variable Y that is explained by the independent variable X. If the coefficient of determination equals is 0 ($R^2 = 0$),

then the variation of Y cannot be explained by X at all, but If the coefficient of determination equals is 1 ($R^2 = 1$), then the variation of Y is explained by X as a whole. The goodness-fit size of a model has been determined by R^2 which is more valuable between zero and one.

d. F-Test (Simultaneous Effect Test)

The simultaneous influence test is used to find out whether the independent variables simultaneously affect the dependent variable (Ghozali, 2013: 171). The test performed is using a significance level of 0.05 ($\alpha = 5\%$). F-test can be done by comparing the profitability of F statistic with the significance level (α) 0.05. If the statistical probability $F < \text{significance level } (\alpha) 0.05$ then, the regression model can be used to test the significance.

According to Sarjono and Julianita (2011), the criteria of the recipient or rejection of the hypothesis are:

- 1) If the probability value is less than or equal to the Sig probability value ($0.05 \leq \text{Sig}$), then it means not significant.
- 2) If the probability value is greater than or equal to the Sig probability value ($0.05 \leq \text{Sig}$), then it means significant.

e. t-Test (Partial Test)

The partial test is used to determine the influence of each independent variable on the dependent variable (Ghozali, 2013: 171). One way to do t-test is compare the probability of statistic t

with a significance level (α) 0.05. If the statistical probability t < significance level (α) 0.05 then the independent variables are statistically significant to affect the dependent variable.

CHAPTER IV

RESULT AND DISCUSSION

A. Research Description Data

The purpose of this research is to analyze the influence of company size, company age and profitability toward disclosure level of Islamic Social Reporting (ISR) in Jakarta Islamic Index (JII) period 2012-2016. The type of data used in this study is secondary data. The data is obtained from the annual report and sustainability report (if the company publishes) published on the Indonesia Stock Exchange page and each company's website during the period 2012-2016.

The population used in this study were companies registered in JII during the period 2012-2016 which is amounted to 150 companies and the total sample of 60 companies. Sampling in this research using purposive sampling which has determined. The criteria used in the sampling of this study are:

1. Companies included in the list of Jakarta Islamic Index (JII) in the period 2012-2016 continuously.
2. The Company publishes an annual report in the period 2012-2016.
3. Companies using Rupiah currency.

B. The Result of Descriptive Statistics

The descriptive statistic analysis is used to give a description of the research variables statistically in the form of minimum-maximal value, mean,

and standard deviation. The results of the descriptive analysis can be seen in the following table:

Table 3. Data Descriptive Statistics Company Size, Company Age, and Profitability on Companies Registered in JII for The Period 2012-2016

Variable	N	Minimum	Maximum	Mean	Std. Deviation
SIZE	60	29.65	33.20	31.0328	0.97027
AGE	60	22.00	110.00	50.6667	22.65561
ROE	60	0.05	1.36	0.2635	0.30899
ISR	60	55.81	88.37	70.8525	8.40639
Valid N (listwise)	60				

Source: Secondary data processed (2018)

Based on the output of the data processing program above, the results are obtained as follows:

1. Company Size (SIZE)

Company size indicated by SIZE proxy. Based on the above table, it can be seen that from 60 existing data, the variable of SIZE has a minimum value of 29.65 and a maximum value of 33.20. The lowest SIZE is owned by PT. PP London Sumatera Indonesia (LSIP) of 29.65, while the highest SIZE is owned by PT. Astra International (ASII) of 33.20. The mean score of SIZE is 31.0328 and the standard deviation of SIZE is 0.97027. The greater mean than the standard deviation of $31.0328 > 0.97027$ indicates that the distribution of SIZE is good.

2. Company Age (AGE)

Company age indicated by AGE proxy. Based on the above table, it can be seen that from 60 existing data, the variable of AGE has a minimum value of 22 and a maximum value of 110. The lowest AGE is

owned by PT. Lippo Karawai (LPKR) of 22.00 while the highest AGE is owned by PT. PP London Sumatera Indonesia of 110. The mean score of AGE is 50.6667 and the standard deviation of AGE is 22.65561. The greater mean than the standard deviation of $50.6667 > 22.65561$ indicates that the distribution of AGE is good.

3. Profitability (ROE)

Profitability indicated by ROE proxy. Based on the above table, it can be seen that from 60 existing data, the variable of ROE has a minimum value of 0.05 and a maximum value of 1.36. The lowest ROE is owned by PT. Lippo Karawaci (LPKR) of 0.05, while the highest ROE is owned by PT. Unilever Indonesia (UNVR) of 1.36. The mean score of ROE is 0.2635 and the standard deviation of ROE is 0.30899. The smaller mean of the standard deviation of $0.2635 < 0.30899$ indicates a large fluctuation of ROE values in the sample company.

4. The Level of Islamic Social Reporting Disclosure (ISR)

The Level of Islamic Social Reporting Disclosure indicated by ISR proxy. Based on the above table, it can be seen that from 60 existing data, the variable of ISR has a minimum value of 55.81 and a maximum value of 88.37. The lowest ISR is owned by PT. Lippo Karawaci (LPKR) of 55.81 and PT. AKR Corporindo (AKRA), while the highest ISR is owned by PT. Astra International (ASII) of 88.37. The mean score of ISR is 70.8525 and the standard deviation of ISR is 8.40639. The greater mean

than the standard deviation of $70.8525 > 8.40639$ indicates that the distribution of ISR is good.

C. The Result of Classic Assumption Test

The classic assumption test aims to determine the use of regression models, to avoid bias in data analysis. The classical assumption test in this study consisted of a normality test, heteroscedasticity test, multicollinearity test, and autocorrelation test. The result of heteroscedasticity test and autocorrelation test showed that the data used is not normally distributed because it has Sig value. and Asympt Sig (2-Tailed) which is smaller than the significance level of 0.05. Because of it researcher does the transformation on the data that is not normal. So the resulting value of Sig and Asympt Sig (2-tailed) can be above 0.05, which means the data has a normal distribution and testing can be done.

1. Normality Test

Normality test aims to determine whether or not, the normal distribution of data by comparing between normally distributed data that have the same mean and standard deviation with the data held. Testing normality using Kolmogorov-Smirnov analysis techniques and using data processing applications.

Normality test results in this study are presented below:

Table 4. Normality Test Result on Influence of Company Size, Company Age, and Profitability on The Level of ISR Disclosure

		Unstandardized Residual
N		60
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	6,45063897
Most Extreme Differences	Absolute	,094
	Positive	,092
	Negative	-,094
Test Statistic		,094
Asymp. Sig. (2-tailed)		,200 ^{c,d}

Source: Secondary data processed (2018)

The result of the normality test shows that the research variable has a significant value. The value greater than 0.05 at (0.200>0.05), so it can be concluded that the residual is normally distributed.

2. Heteroscedasticity Test

Heteroscedasticity test aims to test whether in the regression model there is a variance inequality of the residual one observation to the other. If the variant of the residual one observation to another observation remains, then it is called homoscedasticity. If a different variant is called heteroscedasticity. A good regression model is no heteroscedasticity. This research uses Glejser Test to regress residual absolute value of an independent variable with absolute residual as a dependent variable. Residual itself is the difference between the value of observation with the predicted value, while the absolute is the absolute value. The Glejser test

is used to regress the residual absolute value of the independent variable. If the result of Glejser test on level >0.05 , then it does not contain heteroscedasticity. The heteroscedasticity test in this study shows the following results:

Table 5. Heteroscedasticity Test Result on Influence of Company Size, Company Age, and Profitability

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	16,043	20,103		,798	,429
Ukuran Perusahaan	-,201	,676	-,049	-,297	,768
Umur Perusahaan	-,047	,065	-,128	-,723	,474
Profitabilitas	-14,283	9,786	-,224	-1,460	,151

Source: Secondary data processed (2018)

Based on Glejser test which has been done from Table 5 shows that significance value of SIZE, AGE and ROE >0.05 so it can be concluded there is no heteroscedasticity.

3. Multicollinearity Test

Multicollinearity test aims to test whether in the regression model found the correlation between independent variables. A good regression model should not occur the correlation between independent variables. To detect the presence or absence of multicollinearity in the regression model can be seen by looking at the tolerance value and Variance Inflation Factor (VIF). Common values used to indicate the presence of multicollinearity are tolerance values <0.10 or equal to $VIF >10$.

Table 6. Multicollinearity Test Result on Influence of Company Size, Company Age, and Profitability on The Level of ISR Disclosure

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-61,678	36,067		-1,710	,094		
Ukuran Perusahaan	4,011	1,213	,429	3,306	,002	,730	1,370
Umur Perusahaan	,295	,117	,354	2,522	,015	,624	1,603
Profitabilitas	-25,536	17,557	-,177	-1,454	,153	,832	1,202

Source: Secondary data processed (2018)

Table 6 shows that all variables have tolerance values >0.10 and VIF values <10 . So it can be concluded that all variables have not multicollinearity, or there is no correlation between independent variables.

4. Autocorrelation Test

Autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding error in period t with the intruder error in period $t-1$ (previous). One of the methods to verify an autocorrelation test is by Durbin Watson (DW) test. Durbin Watson's test is only used for the first-order autocorrelation and requires an intercept (constant) in the regression model and no lag variables among independent variables.

Durbin Watson test results can be seen in the table below:

Table 7. Autocorrelation Test Result on Influence of Company Size, Company Age, and Profitability on The Level of ISR Disclosure

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,580 ^a	,336	,292	5,91145	1,940

Source: Secondary data processed (2018)

Based on Table 7 it can be seen that Durbin Watson's value of 2.328 is between $du < dw < 4-du$, where $du = 1.6723$ and $4-du = 4-1.6723 = 2.3277$. If it is concluded then $1.6723 < 1.940 < 2.3277$ and indicates there is no autocorrelation.

D. The Result of Hypothesis Test

The Hypothesis test in this research aims to test the effect of independent variables on a dependent variable. Test the first to third hypothesis using simple linear regression analysis, because it only explains the influence of one independent variable and one dependent variable. While test the fourth hypothesis using multiple linear regression analysis techniques because it measures the influence of three independent variables simultaneously to one dependent variable.

A hypothesis test does with a 95% confidence level or 0.05 significance level with the following conditions:

1. If the value of $\text{sig} < 0.05$ then there is an influence of variable X to variable Y
2. If the value of $\text{sig} > 0.05$ then there is no influence of variable X to variable Y.

Description of the first result, second and third hypothesis test described in the following description:

1. First Hypothesis Testing

The first hypothesis states that "Company size (SIZE) positively influences the level of ISR disclosure". Below is the result of the hypothesis testing with the simple regression:

Table 8. The result of Simple Regression Analysis X₁ to Y

Variable	Constanta	Regression Coefficient	R ²	t	Sig.
SIZE	-52.582	5.646	0.263	4.099	0.000

Source: Secondary data processed (2018)

a. Simple Regression Analysis

Based on the Table 8 above, the equation of the regression line can be expressed in the equation:

$$Y = -52.582 + 5.646X_1$$

The equation shows that the X₁ coefficient value of 5.646, which means that if Company Size (X₁) increase 1 point then The Level of ISR Disclosure (Y) will increase 5.646 points.

b. The Determinant coefficient (R^2)

Table 8 shows that the determinant coefficient (R^2) is 0.263. The value of this determination coefficient indicates that 26.3% of the variance to the Level of ISR Disclosure (ISR) is due to Company Size (SIZE) and other factors cause 73.7%.

c. Simple Regression Testing (t-test)

Based on the t-test for SIZE variable, it is obtained regression coefficient value with the positive direction of 5.646. The result of the SIZE variable estimate is $t = 4.099$ with the probability of 0.000. The significance value of 0.000 is smaller than 0.05. Based on the explanation above can be concluded that the first hypothesis accepted and indicate if in this research Company size (SIZE) positively affect the level of ISR disclosure.

2. Second Hypothesis Testing

The second hypothesis states that "Company age (AGE) positively influences the level of ISR disclosure (ISR)". Below is the result of the hypothesis testing with the simple regression:

Table 9. The result of Simple Regression Analysis X_2 to Y

Variable	Constanta	Regression Coefficient	R^2	t	Sig.
AGE	0.405	0.120	0.196	3.387	0.01

Source: Secondary data processed (2018)

a. Simple Regression Analysis

Based on the Table 9 above, the equation of the regression line can be expressed in the equation:

$$Y = 0.405 + 0.120X_2$$

The equation shows that the X_2 coefficient value of 0.120, which means that if Company Age (X_2) increase 1 point then The Level of ISR Disclosure (Y) will increase 0.120 points.

b. The Determinant coefficient (R^2)

Table 9 shows that the determinant coefficient (R^2) is 0.196. The value of this determination coefficient indicates that 19.6% of the variance to the Level of ISR Disclosure (ISR) is due to Company Age (AGE) and other factors cause 80.4%.

c. Simple Regression Testing (t-test)

Based on the t-test for AGE variable, obtained regression coefficient value with the positive direction of 0.155. The result of the AGE variable estimate is $t = 3.387$ with the probability of 0.01. The significance value of 0.01 is smaller than 0.05. Based on the explanation above can be concluded that the first hypothesis accepted and indicate if in this research Company age (AGE) positively affect the level of ISR disclosure.

3. Third Hypothesis Testing

The third hypothesis states that "Profitability (ROE) positively influences the level of ISR disclosure (ISR)". Below is the result of the hypothesis testing with the simple regression:

Table 10. The result of Simple Regression Analysis X₃ to Y

Variable	Constanta	Regression Coefficient	R ²	t	Sig.
ROE	35.787	3.531	0.001	0.183	0.855

Source: Secondary data processed (2018)

a. Simple Regression Analysis

Based on the Table 10 above, the equation of the regression line can be expressed in the equation:

$$Y = 35.787 + 3.531X_3$$

The equation shows that the X₃ coefficient value of 3.531, which means that if Profitability (X₃) increase 1 point then The Level of ISR Disclosure (Y) will increase 3.531 points.

b. The Determinant coefficient (R²)

Table 9 shows that the determinant coefficient (R²) is 0.001. The value of this determination coefficient indicates that 0.1% of the variance to the Level of ISR Disclosure (ISR) is due to profitability (ROE) and other factors cause 99.9%.

c. Simple Regression Testing (t-test)

Based on the t-test for ROE variable, it is obtained regression coefficient value with the positive direction of 3.531. The result of the ROE variable estimate is $t = 0.183$ with the probability of 0.855. The significance value of 0.855 is greater than 0.05. Based on the explanation, it can be concluded that the third hypothesis is rejected and indicated if in this research Profitability (ROE) has no effect on the level of ISR disclosure.

4. Fourth Hypothesis Testing

The fourth hypothesis states that "Company Size (SIZE), Age of Company (AGE) and Profitability (ROE) simultaneously have a positive effect on The level of ISR Disclosure (ISR)". Data analysis is used to test the fourth hypothesis is multiple regression analysis. Below is the result of multiple regression analysis:

Table 11. The result of Multiple Regression Analysis X₁, X₂, X₃ to Y

Variable	Regression Coefficient	R ²	F	Sig.
Constanta	-34.825	0.336	7.605	0.000
SIZE	4.199			
AGE	0.297			
ROE	-15.330			

Source: Secondary data processed (2018)

a. Multiple Regression Equation

Based on the Table 11 above, the equation of the regression line can be expressed in the equation:

$$Y = -34.825 + 4.199SIZE + 0.297AGE - 15.330ROE + e$$

Based on the equation above it can be seen:

- 1) Constanta value of -34.825 indicates if the independent variables included SIZE, AGE, and ROE are constant then the Level of ISR Disclosure value is -34.825.
- 2) The coefficient value for SIZE (X_1) of 4.199 indicates that the increase of SIZE of 1 unit then the Level of ISR Disclosure (Y) will increase of 4.199 with the assumption that other factors are constant.
- 3) The coefficient value for AGE (X_2) of 0.297 indicates that the increase of AGE of 1 unit then the Level of ISR Disclosure (Y) will increase of 0.297 with the assumption that other factors are constant.
- 4) The coefficient value for ROE (X_3) of -15.330 indicates that the increase of ROE of 1 unit then the Level of ISR Disclosure (Y) will decrease of -15.330 with the assumption that other factors are constant.

b. The Determinant coefficient (R^2)

Table.11 shows that the determinant coefficient (R^2) is 0.336. The value of this determination coefficient indicates that 33.6% of the variance to the Level of ISR Disclosure (ISR) is due to Company Size (SIZE), Company Age (AGE), Profitability (ROE) and other factors cause 66.4%.

c. Multiple Regression Testing (F-test)

Based on the test results F value of 7.605 with a significance of 0.000. The significance value of 0.000 is smaller than 0.05, it can be concluded that the fourth hypothesis is accepted. Can be interpreted if, in this research Company size (SIZE), Company Age (AGE) and Profitability (ROE) simultaneously have a positive influence on The Level of ISR Disclosure in Jakarta Islamic Index (JII) period 2012-2016.

E. Discussion

1. The Effect of Company Size (SIZE) on The Level of ISR Disclosure

The result of t-test statistic for SIZE variable is obtained by the regression coefficient value with positive direction 5.646. The result of SIZE variable estimate is $t = 4.099$ with the probability of 0.000. The significance value of 0.000 is smaller than 0.05. Based on the explanation, it can be concluded that the Company Size (SIZE) positively affect the Level of ISR Disclosure.

The results of this research indicate that company size (SIZE) has an influence on the level of ISR disclosure. According to Rahayu (2015), the larger company will provide the available information to investors in decision-making in connection with investment activities in the company. Larger companies tend to have higher public demand for information than smaller companies. Companies with larger size will disclose more about their companies information because they have a large number of

stakeholders and also under pressure to provide much information to disclosure their legitimacy due to the business activities (Giannarakis, 2014).

Thus, the size of the company can be used as one of measure in assessing how large the company in disclosing its social responsibility in sharia. Specifically, the bigger company will make the Muslim stakeholders influence or be influenced by the company's business activities (Rahayu, 2015). Companies with large sizes will tend to disclose social responsibility in sharia more broad than smaller size companies. The results of this study support previous research conducted by Rahayu (2015) and Novrizal and Fitri (2016), the results of both studies have positive results between company size and the level of ISR disclosure.

2. The Effect of Company Age (AGE) on The Level of ISR Disclosure

Based on the t-test for AGE variable is obtained by regression coefficient value with the positive direction 0.155. The result of the AGE variable estimate is $t = 3.387$ with the probability of 0.01. The significance value of 0.01 is smaller than 0.05. Based on the explanation, it can be concluded that the first hypothesis accepted and indicate if in this research Company age (AGE) positively affect the level of disclosure ISR.

In accordance with the explanation of Owusu and Ansah (2012) which explains that there are three reasons why companies with older age

will disclose more information than a company with a younger age. First, companies with younger age will get a competitive disadvantage as follow research expenditures, capital expenditures, and product development. The competitive losses will arise when the information disclosed by the new companies and used by other competitors. On the other hand, companies with older ages are actually motivated to disclose information because the report will not endanger their competitive position. Secondly, the cost and easiness of collecting, processing, and disseminating the necessary information are considered to be an obstacle. These costs are the huge expense for a company at a younger age. Third, companies with younger age do not have a reliable track record of public disclosure.

It is a basic concept that companies with older age will have a higher level of ISR disclosure when compared to companies with younger age. Older companies tend to have more experience in identifying internal and external circumstances. Specifically, companies with older age are able to recognize their investors. Thus, if most of these investors are Muslims, then companies will tend to disclose more of their social performance in sharia. Nadlifiyah and Laila (2017) explains that if it is associated with stakeholder theory and Sharia Enterprise Theory (SET) then the company with older age will better understand the needs and responsibilities vertically (to Allah SWT) and horizontally (to humans and nature/environment). The results of this research support the

research of Nadlifayah and Laila (2017), where the age of older companies will have greater potential in disclosing sharia social performance more broad. Thus, the age of the company has a positive influence on ISR disclosure.

3. The Effect of Profitability (ROE) on The Level of ISR Disclosure

Based on the t-test for ROE variable is obtained by regression coefficient value with the positive direction 3.531. The result of the ROE variable estimate is $t = 0.183$ with the probability of 0.855. The significant value of 0.855 is greater than 0.05. Based on the explanation, it can be concluded that the third hypothesis is rejected and indicated if in this research Profitability (ROE) has no effect on the level of ISR disclosure. This is in line with research conducted by Rahayu (2015), Faricha (2015) and also Novrizal and Fitri (2016)

The results show that Profitability (ROE) have a negative effect on the Level of ISR Disclosure. It means that profitability does not affect the level of disclosure of social responsibility in sharia. In this case indicates that companies with high ROE level not necessarily allocate funds to social and environmental awareness. Haniffa (2002), states that in the view of Islam, companies that have the intention to do full disclosure will not consider whether the company is profitable or loss. It supports that profitability has no effect on the level of ISR disclosure. When the company has the determination to do ISR disclosure, the company does not focus on profit or loss considerations that the company generates.

The results of this research also support stakeholder theory which states that company management will continue to report the company's activities including in the social field, even though the profitability of the company increases or decreases. Because companies need to accommodate the wants and needs of stakeholders in disclosing the company's social performance report. So a good relationship can be established between the company and all stakeholders.

When companies earn a low profit, there is a perception that the stakeholders are interesting to read good news about the company's performance in the social field. Companies that have high rates of profit assume do not need to report things that may disrupt information about the company's financial success. On the contrary, when the profitability level is low, the companies expect the stakeholders to read "good news" about the company's social performance (Rahayu, 2015). Furthermore, companies that do not disclose information about social responsibility in sharia may be more profit-oriented or have already felt enough not to disclose much of their social performance. While companies with low ROE levels may do more disclosure to attract investors to invest their shares in the company. This is in line with the explanation of Novrizal and Fitri (2015) and Faricha (2015) which revealed if companies with high levels of profitability is not necessarily a lot of social activity, because the company is more oriented to profit.

4. The Effect of Company Size (SIZE), Company Age (AGE), and Profitability (ROE) simultaneously on The Level of ISR Disclosure

Based on the test results F value of 7.605 with a significance of 0.000. The significance value of 0.000 is smaller than 0.05, it can be concluded that the fourth hypothesis is accepted. It can be interpreted if, in this research Company size (SIZE), Company Age (AGE) and Profitability (ROE) simultaneously have a positive influence on The Level of ISR Disclosure in Jakarta Islamic Index (JII) period 2012-2016.

The Larger size of companies tends to disclose more information about its sharia social responsibilities. If associated with agency theory, larger companies with greater agency costs will disclose more information to reduce agency costs. In addition, large companies are highlights, an extensive disclosure is a kind of corporate social responsibility to the environment (Sembiring, 2005: 381). The larger size of companies will affect the Muslim stakeholders' influence or be influenced by the company's activities.

In spite of, the company age is a variable to be noticed, the existence of companies in the community will be wider if the company has an older age. Older companies have more experience in managing internal and external corporate relationships. It is associated with Stakeholder theory and Sharia Enterprise Theory (SET) stated that the companies with older age will be better in understanding the needs and

responsibilities vertically (to Allah SWT) and horizontally (to humans and nature/environment).

In conducting social responsibility in sharia the company needs funds to realize it. Therefore, profitability proxy using ROE has an important role in terms of allocating funds for social responsibility activities in sharia. Without profit, the company can not realize its sharia social activities to the maximum. The result of the R^2 test in this research is 0.336, showing that the ISR (Y) Disclosure Rate is influenced by Company's Size (SIZE), Age of Company (AGE) and Profitability (ROE) of 33.6%; there is still 66.4% influenced by factors or other variables that are not examined in this research.

F. Limitations of Research

Limitations of this research include:

1. This research only uses the period of 5 years. It is the period from 2012 to 2016, so, the data does not correctly reflect the condition of the company in the long term.
2. The research model is relatively simple because it only reveals the influence of company size, company age, and profitability to the level of ISR disclosure. There are many possible other factor variables that may affect the level of ISR disclosure but are not included in this research.
3. The disclosure of Islamic Social Reporting (ISR) in this research most of data come from the company's annual report and sustainability report,

with not all companies issuing a sustainability report. It makes not all items can be disclosed clearly.

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

A. Conclusion

Based on the results and discussion in the previous chapter, it can be described as follows:

1. Company size has a positive effect on the level of ISR disclosure. It indicates that the increase in company size can influence on the level of ISR disclosure. It occurs because larger companies attempt to have higher public demand for information than smaller companies. Companies with the larger size will disclose more about their companies information than the smaller companies because they have a large number of stakeholders and also under pressure to provide much information to disclosure their legitimacy due to the company's activities. The larger company will make the Muslim stakeholders influence or be influenced by the company's business activities.
2. Company age has a positive effect on the level of ISR disclosure. It indicates that the increase in company age can influence the level of ISR disclosure. It occurs because older companies attempt to have more experience in identifying internal and external circumstances. Specifically, companies which have older age are better to recognize their investors. Thus, if most of these investors are Muslims, then the companies will attempt to disclose some of their social responsibility in sharia.

3. Profitability has a negative effect on the level of ISR disclosure. It indicates that the increase in profitability has no effect on the level of ISR disclosure. It occurs because company management will continue to report the company's activities including in the social field, even though the profitability of the company increases or decreases. Because companies need to accommodate the wants and needs of stakeholders in disclosing the company's social performance report. In other hand, the companies which have high ROE level do not necessarily allocate funds to social and environmental awareness. The companies that do not reveal the social responsibility information in sharia may be more profit-oriented or already felt enough to not disclose much of their social performance than the company which low ROE.
4. Company size, company age, and profitability simultaneously have a positive effect on the level of ISR disclosure. It occurs because company size, company age, and profitability are the factors that influence the level of ISR disclosure.

B. Implication

The Level of ISR disclosure needs to be upgraded, because through the revealing of social performance in sharia, stakeholders can analyze that the company is not just focusing the pursuit of profits but also required the role of government in making regulation related to the sharia social performance of a company. Investors should understand the aspects of sharia in the disclosure of ISR to choose companies that ISR disclosure well. So in the future,

companies can reveal more sharia social responsibility to the society and the environment. Thus, the sustainability of the company can be maintained because it has been accepted by the community and can provide an increased profit for investors.

C. Recommendations

Based on the results and limitations of this research, researcher can provide suggestions as follows:

1. Company

- a. Companies should notice the internal and external factors that affect social performance which has influenced the stakeholders.
- b. Companies should be able to allocate more profit or profitability to sharia social responsibility because many stakeholders are part of Muslim.
- c. The management should be able to improve its performance so the level of ISR disclosure can be increased and the company's sustainability activities can be maintained.

2. Investor

- a. Investors advised paying attention to size factor and company age in consideration of the investment selection because based on the result of research known that partially company size and company age have some effects on the level of ISR disclosure.

- b. Investors need to develop their sharia aspect knowledge to determine the proper companies disclosing their sharia social responsibility well.

3. Government

- a. Regulations within the government should provide the opportunities for companies in developing their business, especially in sharia factor.
- b. The government needs to improve the sharia regulation in business activities because most of the stakeholders are Muslim.

4. Advanced Research

- a. The similar research would be better to utilize larger populations and longer research periods.
- b. The next research encouraged to use broader independent variables that have some influence on the level of ISR disclosure.

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APPENDICES

Appendix 1. List of Companies Listed in JII on 2012-2016

No	Companies	Code
1.	Astra Agro Lestari Tbk	AALI
2.	AKR Corporindo Tbk	AKRA
3.	Astra International Tbk	ASII
4.	Indofood CBP Sukses Makmur Tbk	ICBP
5.	Indocement Tunggul Prakarsa Tbk	INTP
6.	Kalbe Farma Tbk	KLBF
7.	Lippo Karawaci Tbk	LPKR
8.	PP London Sumatra Indonesia Tbk	LSIP
9.	Semen Indonesia (Persero) Tbk	SMGR
10.	PT Telekomunikasi Indonesia (Persero) Tbk	TLKM
11.	United Tractors Tbk	UNTR
12.	Unilever Indonesia Tbk	UNVR

Appendix 2. ISR Instruments

No	Items of disclosure	Score	Source of references
A. Finance and Investment Theme			
1	Usury activity	1	Haniffa (2002), Othman et. al (2009)
2	<i>Gharar</i> activity (hedging, future on delivery, trading/margin trading, arbitrage (spot or forward), short selling, pure swap, warrant)	1	Haniffa (2002), Othman et. al (2009)
3.	<i>Zakat</i>	1	Haniffa (2002), Othman et. al (2009)
4.	Policy on late repayments and insolvent clients/bad debts written- off	1	Othman et. al (2009)
5.	Details of investment activity	1	Haniffa dan Hudaib (2007)
B. Products and Services Theme			
6.	<i>Halal</i> status of the product	1	Othman et. al (2009)
7.	Green product	1	Othman et. al (2009)
8.	Product safety and quality	1	Othman et. al (2009)
9.	Service of consumer complaints	1	Othman et. al (2009)
C. Employees Theme			
10.	Working hours	1	Haniffa (2002), Othman et. al (2009)
11.	Holidays and employee leave	1	Haniffa (2002), Othman et. al (2009)
12.	Employee benefits	1	Haniffa (2002), Othman et. al (2009)
13.	Education and training	1	Haniffa (2002), Othman et. al (2009), Haniffa dan Hudaib (2007)
14.	Health and safety		Othman et. al (2009)
15.	Equal opportunities between male and female employees	1	Othman et. al (2009), Haniffa dan Hudaib (2007)
16.	Employee involvement	1	Othman et. al (2009)
17.	Time and worship-related policies		Othman et. al (2009)
18.	Remuneration	1	Othman et. al (2009)
19.	Employment of other special- interest-group such as physical disabilities or drug victims	1	Othman et. al (2009)
20.	Employee welfares	1	Haniffa dan Hudaib (2007)
D. Society Theme			

21.	<i>Saddaqa</i> /alm or donation	1	Haniffa (2002), Othman et. al (2009)
22.	<i>Wakaf</i>	1	Haniffa (2002)
23.	<i>Qard Hasan</i>	1	Haniffa (2002)
24.	Employee Voluteerism	1	Othman et. al (2009)
25.	Scholarships for education	1	Othman et. al (2009)
26.	Graduate employment	1	Othman et. al (2009)
27.	Youth development	1	Othman et. al (2009)
28.	Underprivileged community	1	Othman et. al (2009)
29.	Children care	1	Othman et. al (2009)
30.	Sponsoring public health/ recreational/sports/cultural events	1	Othman et. al (2009)
E. Environment Theme			
31.	Conservation of environment	1	Haniffa (2002), Othman et. al (2009)
32.	Mitigating effects on global warming	1	Othman et. al (2009)
33.	Environmental education	1	Haniffa (2002), Othman et. al (2009)
34.	Environmental audit	1	Othman et. al (2009)
35.	Environmental Management System/Policy	1	Othman et. al (2009)
F. Corporate Governance Theme			
36.	Sharia compliance status	1	Othman et. al (2009)
37.	Shareholding structure	1	Othman et. al (2009)
38.	Details of the board of commissioner's profile	1	Othman et. al (2009)
39.	Duties and responsibilities of the board of commissioners	1	Othman et. al (2009)
40.	Details of the board's profile	1	Othman et. al (2009)
41.	Duties and responsibilities of the board of directors	1	Othman et. al (2009)
42.	Disclosure the existence of lawsuits	1	Othman et. al (2009)
43.	Anti-corruption policies	1	Othman et. al (2009)
TOTAL		43	

Appendix 3. ISR Index Scores for 2012

Index	AALI	AKRA	ASII	ICBP	INTP	KLBF	LPKR	LSIP	SMGR	TLKM	UNTR	UNVR
A												
1	1	1	1	1	1	1	1	1	1	1	1	1
2	0	0	1	0	0	0	1	0	1	0	1	1
3	0	0	1	0	0	0	0	0	0	0	0	0
4	1	1	1	1	1	1	1	1	1	1	1	1
5	1	1	1	1	1	1	1	1	1	1	1	1
Total	3	3	5	3	3	3	4	3	4	3	4	4
B												
6	0	0	0	1	0	0	0	1	0	0	0	0
7	1	1	1	0	1	1	1	0	1	0	1	1
8	1	1	1	1	1	1	1	1	1	1	0	1
9	0	1	1	1	1	1	0	0	1	1	1	1
Total	2	3	3	3	3	3	2	2	3	2	2	3
C												
10	0	0	0	0	1	0	0	0	0	1	0	0
11	0	1	0	0	1	0	0	0	1	1	0	0
12	1	1	1	1	1	1	1	1	1	1	1	1
13	1	1	1	1	1	1	1	1	1	1	1	1
14	1	1	1	1	1	1	0	1	1	1	1	1
15	1	0	1	1	1	0	1	0	1	1	0	1
16	0	0	1	0	1	0	0	0	1	1	1	0

17	0	0	1	0	0	0	0	0	0	1	0	0
18	1	1	1	1	1	1	1	1	1	1	1	1
19	0	0	1	0	0	0	0	0	0	1	0	0
20	0	1	1	1	1	1	0	0	1	1	1	1
Total	5	6	9	6	9	5	4	4	8	11	6	6
D												
21	1	1	1	1	1	1	1	1	1	1	1	1
22	0	0	0	0	0	0	0	0	0	0	0	0
23	1	0	1	0	1	0	0	1	1	1	0	0
24	1	0	0	0	1	0	0	0	0	0	1	1
25	1	1	1	1	1	0	0	1	1	1	1	0
26	0	0	1	0	1	1	1	0	0	1	1	0
27	0	1	1	1	0	1	1	1	1	1	1	1
28	1	1	1	1	1	0	1	1	1	1	1	1
29	1	1	1	1	1	1	1	1	1	1	1	1
30	1	1	1	1	1	1	1	1	1	1	1	1
Total	7	6	8	6	8	5	6	7	7	8	8	6
E												
31	1	1	1	1	1	0	0	0	1	1	1	1
32	1	0	1	1	1	1	1	0	1	1	1	1
33	0	0	1	0	1	1	0	0	0	0	0	1
34	1	0	1	1	1	1	0	1	1	0	0	0
35	1	1	1	1	1	1	1	1	1	1	1	1
Total	4	2	5	4	5	4	2	2	4	3	3	4

F												
36	0	0	0	0	0	0	0	0	0	0	0	0
37	1	1	1	1	1	1	1	1	1	1	1	1
38	1	1	1	1	1	1	1	1	1	1	1	1
39	1	1	1	1	1	1	1	1	1	1	1	1
40	1	1	1	1	1	1	1	1	1	1	1	1
41	1	1	1	1	1	1	1	1	1	1	1	1
42	1	1	1	1	1	1	1	1	1	1	1	1
43	0	1	0	0	1	1	0	1	1	1	1	1
Total	6	7	6	6	7	7	6	7	7	7	7	7
Sum	27	27	36	28	35	27	24	25	33	34	30	30
Scoring Value	62.79	62.79	83.72	65.12	81.40	62.79	55.81	58.14	76.74	79.07	69.77	69.77

Appendix 4. ISR Index Score for 2013

Index	AALI	AKRA	ASII	ICBP	INTP	KLBF	LPKR	LSIP	SMGR	TLKM	UNTR	UNVR
A												
1	1	1	1	1	1	1	1	1	1	1	1	1
2	0	1	1	0	1	0	1	0	1	0	1	1
3	0	0	1	0	0	0	0	0	0	0	0	0
4	1	1	1	1	1	1	1	1	1	1	1	1
5	1	1	1	1	1	1	1	1	1	1	1	1
Total	3	4	5	3	4	3	4	3	4	3	4	4
B												
6	0	0	0	1	0	0	0	1	0	0	0	1
7	1	0	1	0	0	0	1	1	1	0	1	1
8	1	1	1	1	1	1	1	1	1	1	1	1
9	0	1	1	1	1	1	0	0	1	1	1	1
Total	2	2	3	3	2	2	2	3	3	2	3	4
C												
10	0	0	0	0	1	0	0	0	0	0	0	0
11	0	1	0	1	1	0	0	0	0	0	1	1
12	1	1	1	1	1	1	1	1	1	1	1	1
13	1	1	1	1	1	1	1	1	1	1	1	1
14	1	1	1	1	1	1	0	1	1	1	1	1
15	1	1	1	1	1	1	1	0	1	1	1	1
16	0	0	1	0	1	0	1	0	0	0	0	0

17	0	0	1	0	0	0	0	0	0	1	0	0
18	1	1	1	1	1	1	1	1	1	1	1	1
19	0	0	1	0	0	0	0	0	0	0	1	1
20	1	1	1	1	1	1	0	0	1	1	1	1
Total	6	7	9	7	9	6	5	4	6	7	8	8
D												
21	1	1	1	1	0	1	1	1	1	1	1	1
22	0	0	0	0	0	0	0	0	0	0	0	0
23	0	0	1	0	0	0	0	0	0	1	0	0
24	0	0	0	0	0	0	0	0	0	0	1	0
25	1	1	1	1	1	0	1	1	1	1	1	0
26	1	0	1	0	0	0	0	0	0	0	0	0
27	1	1	1	1	1	1	1	0	1	1	1	0
28	1	1	1	1	1	0	1	1	1	1	1	1
29	1	1	1	1	1	1	0	1	1	1	1	1
30	1	1	1	1	1	1	1	1	1	1	1	1
Total	7	6	8	6	5	4	5	5	6	7	7	4
E												
31	1	0	1	0	1	1	0	1	1	1	1	0
32	1	0	1	1	1	1	1	1	1	1	1	1
33	1	0	1	1	1	1	0	1	1	1	1	1
34	1	0	1	1	0	0	0	1	1	1	1	1
35	1	1	1	1	1	1	1	1	1	1	1	1
Total	5	1	5	4	4	4	2	5	5	5	5	4

F												
36	0	0	0	0	0	0	0	0	0	0	0	0
37	1	1	1	1	1	1	1	1	1	1	1	1
38	1	1	1	1	1	1	1	1	1	1	1	1
39	1	1	1	1	1	1	1	1	1	1	1	1
40	1	1	1	1	1	1	1	1	1	1	1	1
41	1	1	1	1	1	1	1	1	1	1	1	1
42	1	1	1	1	1	1	1	1	1	1	1	1
43	0	1	0	0	1	1	0	1	1	1	1	1
Total	6	7	6	6	7	7	6	7	7	7	7	7
Sum	29	27	36	29	31	26	24	27	31	31	34	31
Scoring Value	67.44	62.79	83.72	67.44	72.09	60.47	55.81	62.79	72.09	72.09	79.07	72.09

Appendix 5. ISR Index Score for 2014

Index	AALI	AKRA	ASII	ICBP	INTP	KLBF	LPKR	LSIP	SMGR	TLKM	UNTR	UNVR
A												
1	1	1	1	1	1	1	1	1	1	0	1	1
2	0	1	1	0	1	0	1	0	1	0	1	1
3	0	0	1	0	0	0	0	0	0	0	0	0
4	1	1	1	1	1	1	1	1	1	1	1	1
5	1	1	1	1	1	1	1	1	1	1	1	1
Total	3	4	5	3	4	3	4	3	4	2	4	4
B												
6	1	0	0	1	0	0	0	1	0	0	0	0
7	1	1	1	0	1	0	1	1	1	0	1	1
8	1	1	1	1	1	1	0	1	1	1	1	1
9	1	1	1	1	1	1	0	0	1	1	1	1
Total	4	3	3	3	3	2	1	3	3	2	3	3
C												
10	0	0	0	0	0	0	0	0	0	0	0	0
11	1	0	0	1	0	0	0	0	0	0	0	1
12	1	1	1	1	1	1	1	1	1	1	1	1
13	1	1	1	1	1	1	1	1	1	1	1	1
14	1	1	1	1	1	1	0	1	1	1	1	1
15	1	0	1	1	1	1	0	1	1	1	1	1
16	0	0	1	0	0	0	0	0	0	0	0	0

17	1	0	1	0	0	0	0	0	0	1	0	0
18	1	1	1	1	1	1	1	1	1	1	1	1
19	0	0	1	0	0	0	0	0	0	1	0	1
20	1	0	1	1	1	1	0	0	1	1	1	1
Total	8	4	9	7	6	6	3	5	6	8	6	8
D												
21	0	1	1	1	1	1	1	1	1	1	1	1
22	0	0	0	0	0	0	0	0	0	0	0	0
23	1	0	1	0	0	0	0	0	1	1	1	0
24	0	0	0	0	1	1	0	0	1	0	1	0
25	0	0	1	1	0	0	1	1	1	0	1	0
26	0	0	1	0	0	0	0	0	0	0	1	0
27	1	0	1	1	0	1	1	0	0	1	1	1
28	1	1	1	1	1	1	1	1	1	1	1	1
29	1	1	1	1	1	1	1	1	1	0	1	1
30	1	1	1	1	1	1	1	1	1	1	1	1
Total	5	4	8	6	5	6	6	5	7	5	9	5
E												
31	1	0	1	1	1	0	0	1	1	1	1	0
32	1	1	1	1	1	1	1	1	1	1	1	1
33	0	0	1	1	1	1	1	1	0	0	1	1
34	1	1	1	1	1	0	0	1	1	1	1	1
35	1	1	1	1	1	1	1	1	1	1	1	1
Total	4	3	5	5	5	3	3	5	4	4	5	4

F												
36	0	0	0	0	0	0	0	0	0	0	0	0
37	1	1	1	1	1	1	1	1	1	1	1	1
38	1	1	1	1	1	1	1	1	1	1	1	1
39	1	1	1	1	1	1	1	1	1	1	1	1
40	1	1	1	1	1	1	1	1	1	1	1	1
41	1	1	1	1	1	1	1	1	1	1	1	1
42	1	0	1	1	1	1	1	1	1	1	1	1
43	0	1	1	0	1	1	0	1	1	1	1	1
Total	6	6	7	6	7	7	6	7	7	7	7	7
Sum	30	24	37	30	30	27	23	28	31	28	34	31
Scoring Value	69.77	55.81	86.05	69.77	69.77	62.79	53.49	65.12	72.09	65.12	79.07	72.09

Appendix 6. ISR Index Score for 2015

Index	AALI	AKRA	ASII	ICBP	INTP	KLBF	LPKR	LSIP	SMGR	TLKM	UNTR	UNVR
A												
1	1	1	1	1	1	1	1	1	1	1	1	1
2	1	1	1	0	1	0	1	0	1	0	1	1
3	0	0	1	0	0	0	0	0	0	0	0	0
4	1	1	1	1	1	1	1	1	1	1	1	1
5	1	1	1	1	1	1	1	1	1	1	1	1
Total	4	4	5	3	4	3	4	3	4	3	4	4
B												
6	1	0	0	1	0	0	0	1	0	0	0	1
7	1	0	1	0	1	0	1	1	1	0	1	1
8	1	1	1	1	1	1	0	1	1	1	1	1
9	1	1	1	1	1	1	0	0	1	1	1	1
Total	4	2	3	3	3	2	1	3	3	2	3	4
C												
10	0	0	0	0	0	0	0	0	0	0	0	
11	1	1	0	1	0	0	0	0	0	1	1	0
12	1	1	1	1	1	1	1	1	1	1	1	1
13	1	1	1	1	1	1	1	1	1	1	1	1
14	1	1	1	1	1	1	0	1	1	1	1	1
15	1	1	1	1	1	1	0	1	1	1	1	1
16	0	0	1	0	0	0	0	0	0	0	0	0

17	1	1	1	1	0	0	0	0	1	1	0	0
18	1	1	1	1	1	1	1	1	1	1	1	1
19	1	1	1	0	1	0	0	0	0	0	0	0
20	1	1	1	1	1	1	0	1	1	1	1	1
Total	9	9	9	8	7	6	3	6	7	8	7	6
D												
21	0	1	1	1	1	1	1	1	1	1	1	1
22	0	0	1	0	0	0	0	0	0	0	0	0
23	1	0	1	0	0	0	0	0	1	1	1	0
24	0	1	1	0	1	1	0	0	1	1	1	1
25	1	1	1	1	1	0	1	0	1	0	1	0
26	1	0	0	0	1	0	0	0	0	1	1	1
27	1	0	1	1	0	1	0	0	0	1	1	1
28	1	1	1	1	1	1	1	1	1	1	1	1
29	1	1	1	1	1	1	1	1	1	1	1	1
30	1	1	1	1	1	1	1	1	1	1	1	1
Total	7	6	9	6	7	6	5	4	7	8	9	7
E												
31	1	0	1	1	1	0	0	1	1	1	1	1
32	1	1	1	1	1	1	1	1	1	1	1	1
33	1	0	1	1	1	1	1	1	0	1	1	1
34	1	1	1	1	1	0	0	1	1	1	1	1
35	1	1	1	1	1	1	1	1	1	1	1	1
Total	5	3	5	5	5	3	3	5	4	5	5	5

F												
36	0	0	0	0	0	0	0	0	0	0	0	0
37	1	1	1	1	1	1	1	1	1	1	1	1
38	1	1	1	1	1	1	1	1	1	1	1	1
39	1	1	1	1	1	1	1	1	1	1	1	1
40	1	1	1	1	1	1	1	1	1	1	1	1
41	1	1	1	1	1	1	1	1	1	1	1	1
42	1	1	1	1	1	1	1	1	1	1	1	1
43	1	1	1	0	1	1	1	1	1	1	1	1
Total	7	7	7	6	7	7	7	7	7	7	7	7
Sum	36	31	38	31	33	27	23	28	32	33	35	33
Scoring Value	83.72	72.09	88.37	72.09	76.74	62.79	53.49	65.12	74.42	76.74	81.40	76.74

Appendix 7. ISR Index Score for 2016

Index	AALI	AKRA	ASII	ICBP	INTP	KLBF	LPKR	LSIP	SMGR	TLKM	UNTR	UNVR
A												
1	1	1	1	1	1	1	1	1	1	1	1	1
2	1	1	1	0	1	0	1	0	1	0	1	1
3	0	0	1	0	0	0	0	0	0	0	0	0
4	1	1	1	1	1	1	1	1	1	1	1	1
5	1	1	1	1	1	1	1	1	1	1	1	1
Total	4	4	5	3	4	3	4	3	4	3	4	4
B												
6	1	0	0	1	0	0	0	0	0	0	0	1
7	1	1	1	0	1	0	1	1	1	1	1	1
8	1	1	1	1	1	1	0	1	1	1	1	1
9	1	1	1	1	1	1	1	0	1	1	1	1
Total	4	3	3	3	3	2	2	2	3	3	3	4
C												
10	1	0	0	0	0	0	0	0	0	0	0	0
11	1	1	0	1	0	0	0	0	0	0	1	0
12	1	1	1	1	1	1	1	1	1	1	1	1
13	1	1	1	1	1	1	1	1	1	1	1	1
14	1	1	1	1	1	1	0	1	1	1	1	1
15	1	1	1	1	1	1	1	1	1	1	1	1
16	0	0	1	0	1	0	0	0	0	0	0	0

17	1	0	1	1	0	0	0	0	1	0	1	0
18	1	1	1	1	1	1	1	1	1	1	1	1
19	0	1	0	0	0	0	0	0	0	1	1	0
20	1	1	1	1	1	1	1	1	1	0	1	1
Total	9	8	8	8	7	6	5	6	6	7	8	6
D												
21	0	0	1	1	1	1	1	1	1	1	1	1
22	1	0	1	0	0	0	0	0	0	0	0	0
23	1	1	1	0	1	0	0	0	1	1	1	0
24	0	0	0	0	0	1	0	0	1	1	0	1
25	1	1	1	1	1	0	1	0	1	0	0	0
26	1	0	0	0	1	0	0	0	0	0	1	1
27	1	1	1	1	1	0	0	0	0	1	1	1
28	1	1	1	1	1	1	1	1	1	1	1	1
29	1	1	1	1	1	1	1	1	1	1	1	1
30	1	1	1	1	1	1	1	1	1	1	1	1
Total	8	6	8	6	8	5	5	4	7	7	7	7
E												
31	1	0	1	1	1	0	0	1	1	1	1	1
32	1	1	1	1	1	1	1	1	1	1	1	1
33	1	0	1	1	1	1	0	1	0	0	1	1
34	1	1	1	1	1	0	0	1	1	0	1	1
35	1	1	1	1	1	1	1	1	1	1	1	1
Total	5	3	5	5	5	3	2	5	4	3	5	5

F												
36	0	0	0	0	0	0	0	0	0	0	0	0
37	1	1	1	1	1	1	1	1	1	1	1	1
38	1	1	1	1	1	1	1	1	1	1	1	1
39	1	1	1	1	1	1	1	1	1	1	1	1
40	1	1	1	1	1	1	1	1	1	1	1	1
41	1	1	1	1	1	1	1	1	1	1	1	1
42	1	1	1	1	1	1	1	1	1	1	1	1
43	1	1	1	0	1	1	1	1	1	1	1	1
Total	7	7	7	6	7	7	7	7	7	7	7	7
Sum	37	31	36	31	34	26	25	27	31	30	34	33
Scoring Value	86.05	72.09	83.72	72.09	79.07	60.47	58.14	62.79	72.09	69.77	79.07	76.74

Appendix 8. Summary of Research Results

No	Code	Year of the Annual Report	Scoring ISR	Total Assets (In Rupiah)	(ln)Total Assets	Established	AGE	Profit After Tax	Total Equity	ROE
1	AALI	2012	62.79	12.419.820.000.000	30.15	1980	32	2.520.266.000.000	9.365.411.000.000	0,27
		2013	67.44	14.963.190.000.000	30.34	1980	33	1.903.088.000.000	10.267.859.000.000	0,19
		2014	69.77	18.558.329.000.000	30.55	1980	34	2.621.275.000.000	11.837.486.000.000	0,22
		2015	83.72	21.512.371.000.000	30.70	1980	35	695.684.000.000	11.698.787.000.000	0,06
		2016	86.05	24.226.122.000.000	30.82	1980	36	2.114.299.000.000	17.593.482.000.000	0,12
2	AKRA	2012	62.79	11.787.524.999.000	30.10	1977	35	618.833.343.000	4.209.740.018.000	0,15
		2013	62.79	14.633.141.381.000	30.31	1977	36	615.626.683.000	5.363.160.926.000	0,11
		2014	55.81	14.791.917.177.000	30.33	1977	37	790.563.128.000	5.961.182.563.000	0,13
		2015	72.09	15.203.129.563.000	30.35	1977	38	1.058.741.020.000	7.286.175.343.000	0,15
		2016	72.09	15.830.740.710.000	30.39	1977	39	1.046.852.086.000	8.074.320.321.000	0,13
3	ASII	2012	83.72	182.274.000.000.000	32.84	1957	55	22.742.000.000.000	89.814.000.000.000	0,25

		2013	83.72	213.994.000.000.000	33.00	1957	56	22.297.000.000.000	106.188.000.000.000	0,21
		2014	86.05	236.029.000.000.000	33.09	1957	57	22.125.000.000.000	120.324.000.000.000	0,18
		2015	88.37	245.435.000.000.000	33.13	1957	58	15.613.000.000.000	126.533.000.000.000	0,12
		2016	83.72	261.855.000.000.000	33.20	1957	59	18.302.000.000.000	139.906.000.000.000	0,13
4	ICBP	2012	65.12	17.753.480.000.000	30.51	1982	30	2.282.371.000.000	11.986.798.000.000	0,19
		2013	67.44	21.267.470.000.000	30.69	1982	31	2.235.040.000.000	13.265.731.000.000	0,17
		2014	69.77	24.910.211.000.000	30.85	1982	32	2.531.681.000.000	15.039.947.000.000	0,17
		2015	69.77	26.560.624.000.000	30.91	1982	33	2.923.148.000.000	16.386.911.000.000	0,18
		2016	72.09	28.901.948.000.000	30.99	1982	34	3.631.301.000.000	18.500.823.000.000	0,20
5	INTP	2012	81.40	22.755.160.000.000	30.76	1975	37	4.763.388.000.000	19.418.738.000.000	0,25
		2013	72.09	26.607.241.000.000	30.91	1975	38	5.012.294.000.000	22.977.687.000.000	0,22
		2014	69.77	28.884.973.000.000	30.99	1975	39	5.274.009.000.000	24.784.801.000.000	0,21
		2015	76.74	27.638.360.000.000	30.95	1975	40	4.365.661.000.000	23.865.950.000.000	0,18
		2016	79.07	30.150.580.000.000	31.04	1975	41	3.870.319.000.000	26.138.703.000.000	0,15

6	KLBF	2012	62.79	9.417.957.180.958	29.87	1966	46	1.775.098.847.932	7.371.643.614.897	0,24
		2013	60.47	11.315.061.275.026	30.06	1966	47	1.970.452.449.686	8.499.957.965.575	0,23
		2014	62.79	12.425.032.367.729	30.15	1966	48	2.121.090.581.630	9.817.475.678.446	0,22
		2015	62.79	13.696.417.381.439	30.25	1966	49	2.057.694.281.873	10.938.285.985.269	0,19
		2016	60.47	15.226.009.210.657	30.35	1966	50	2.350.884.933.551	12.463.847.141.085	0,19
7	LPKR	2012	55.81	24.869.295.733.093	30.84	1990	22	1.322.847.018.938	11.470.106.390.475	0,12
		2013	55.81	31.300.362.430.266	31.07	1990	23	1.592.491.214.696	14.177.573.305.225	0,11
		2014	62.79	31.761.220.693.695	31.09	1990	24	3.135.215.910.627	17.646.449.043.205	0,18
		2015	62.79	41.326.558.178.049	31.35	1990	25	1.024.120.634.260	18.916.764.558.342	0,05
		2016	60.47	45.603.683.000.000	31.45	1990	26	1.227.374.000.000	22.075.139.000.000	0,06
8	LSIP	2012	58.14	7.551.796.000.000	29.65	1906	106	1.115.539.000.000	6.297.713.000.000	0,18
		2013	62.79	7.974.876.000.000	29.71	1906	107	768.625.000.000	6.613.987.000.000	0,12
		2014	65.12	8.655.146.000.000	29.79	1906	108	916.695.000.000	7.218.834.000.000	0,13
		2015	65.12	8.848.792.000.000	29.81	1906	109	623.309.000.000	7.337.978.000.000	0,08

		2016	62.79	9.459.088.000.000	29.88	1906	110	592.769.000.000	7.645.984.000.000	0,08
9	SMGR	2012	76.74	26.579.083.786.000	30.91	1957	55	4.926.639.847.000	18.164.854.648.000	0,27
		2013	72.09	30.792.884.092.000	31.06	1957	56	5.354.298.521.000	21.803.975.875.000	0,25
		2014	72.09	34.314.666.027.000	31.17	1957	57	5.573.577.279.000	25.002.451.936.000	0,22
		2015	74.42	38.153.118.932.000	31.27	1957	58	4.525.441.038.000	27.440.798.401.000	0,16
		2016	72.09	44.226.895.982.000	31.42	1957	59	4.535.036.823.000	30.574.391.457.000	0,15
10	TLKM	2012	79.07	111.369.000.000.000	32.34	1965	47	18.362.000.000.000	66.978.000.000.000	0,27
		2013	72.09	127.951.000.000.000	32.48	1965	48	20.290.000.000.000	77.424.000.000.000	0,26
		2014	65.12	140.895.000.000.000	32.58	1965	49	21.446.000.000.000	86.125.000.000.000	0,25
		2015	76.74	166.173.000.000.000	32.74	1965	50	23.317.000.000.000	93.428.000.000.000	0,25
		2016	69.77	179.611.000.000.000	32.82	1965	51	29.172.000.000.000	105.544.000.000.000	0,28
11	UNTR	2012	69.77	50.300.633.000.000	31.55	1972	40	5.753.342.000.000	32.300.557.000.000	0,18
		2013	79.07	57.362.244.000.000	31.68	1972	41	4.798.778.000.000	35.648.898.000.000	0,13
		2014	79.07	60.292.031.000.000	31.73	1972	42	4.839.970.000.000	38.576.734.000.000	0,13

		2015	81.40	61.715.399.000.000	31.75	1972	43	2.792.439.000.000	39.250.325.000.000	0,07
		2016	79.07	63.991.229.000.000	31.79	1972	44	5.104.477.000.000	42.621.943.000.000	0,12
12	UNVR	2012	69.77	11.984.979.000.000	30.11	1933	79	4.839.145.000.000	3.968.365.000.000	1,22
		2013	72.09	13.348.188.000.000	30.22	1933	80	5.352.625.000.000	4.254.670.000.000	1,26
		2014	72.09	14.280.670.000.000	30.29	1933	81	5.738.523.000.000	4.598.782.000.000	1,25
		2015	76.74	15.729.945.000.000	30.39	1933	82	5.851.805.000.000	4.827.360.000.000	1,21
		2016	76.74	16.745.695.000.000	30.45	1933	83	6.390.672.000.000	4.704.258.000.000	1,36

Appendix 9. Descriptive Test Results

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
SIZE	60	29,65	33,20	31,0328	,97027
AGE	60	22,00	110,00	50,6667	22,65561
ROE	60	,05	1,36	,2635	,30899
ISR	60	55,81	88,37	70,8525	8,40639
Valid N (listwise)	60				

Appendix 10. Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		60
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	6,45063897
Most Extreme Differences	Absolute	,094
	Positive	,092
	Negative	-,094
Test Statistic		,094
Asymp. Sig. (2-tailed)		,200 ^{c,d}

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.

Appendix 11. Heteroscedasticity Test Results

Heteroscedasticity Test Results from stage 1

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1,711	18,162		-,094	,925
	Ukuran Perusahaan	,314	,574	,070	,548	,586
	Umur Perusahaan	-,057	,026	-,297	-2,184	,033
	Profitabilitas	-1,634	1,892	-,116	-,864	,391

a. Dependent Variable: RES2

Heteroscedasticity Test Results from stage 2

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	16,043	20,103		,798	,429
	Ukuran Perusahaan	-,201	,676	-,049	-,297	,768
	Umur Perusahaan	-,047	,065	-,128	-,723	,474
	Profitabilitas	-14,283	9,786	-,224	-1,460	,151

a. Dependent Variable: RES3

Appendix 12. Multicollinearity Test Results

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-61,678	36,067		-1,710	,094		
Ukuran Perusahaan	4,011	1,213	,429	3,306	,002	,730	1,370
Umur Perusahaan	,295	,117	,354	2,522	,015	,624	1,603
Profitabilitas	-25,536	17,557	-,177	-1,454	,153	,832	1,202

a. Dependent Variable: Tingkat Pengungkapan ISR

Appendix 13. Autocorrelation Test Results

Autocorrelation Test Results Stage 1

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,658 ^a	,434	,397	6,77179	1,004

a. Predictors: (Constant), Profitabilitas, Ukuran Perusahaan, Umur Perusahaan

b. Dependent Variable: Tingkat Pengungkapan ISR

Autocorrelation Test Results Stage 2

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,580 ^a	,336	,292	5,91145	1,940

a. Predictors: (Constant), Profitabilitas, Ukuran Perusahaan, Umur Perusahaan

b. Dependent Variable: Tingkat Pengungkapan ISR

Appendix 14. Simple Regression Test Result (Hypothesis 1)

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Ukuran Perusahaan ^b	.	Enter

a. Dependent Variable: Tingkat Pengungkapan ISR

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,513 ^a	,263	,248	6,09433

a. Predictors: (Constant), Ukuran Perusahaan

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	624,147	1	624,147	16,805	,000 ^b
	Residual	1745,618	47	37,141		
	Total	2369,765	48			

a. Dependent Variable: Tingkat Pengungkapan ISR

b. Predictors: (Constant), Ukuran Perusahaan

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-52,582	21,649		-2,429	,019
	Ukuran Perusahaan	5,646	1,377	,513	4,099	,000

a. Dependent Variable: Tingkat Pengungkapan ISR

Appendix 15. Simple Regression Test Result (Hypothesis 2)

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Umur Perusahaan ^b		. Enter

a. Dependent Variable: Tingkat Pengungkapan ISR

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,443 ^a	,196	,179	6,36616

a. Predictors: (Constant), Umur Perusahaan

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	464,948	1	464,948	11,472	,001 ^b
	Residual	1904,817	47	40,528		
	Total	2369,765	48			

a. Dependent Variable: Tingkat Pengungkapan ISR

b. Predictors: (Constant), Umur Perusahaan

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	27,480	2,701		10,174	,000
	Umur Perusahaan	,405	,120	,443	3,387	,001

a. Dependent Variable: Tingkat Pengungkapan ISR

Appendix 16. Simple Regression Test Result (Hypothesis 3)

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Profitabilitas ^b	.	Enter

a. Dependent Variable: Tingkat Pengungkapan ISR

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,027 ^a	,001	-,021	7,09820

a. Predictors: (Constant), Profitabilitas

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1,695	1	1,695	,034	,855 ^b
	Residual	2368,070	47	50,384		
	Total	2369,765	48			

a. Dependent Variable: Tingkat Pengungkapan ISR

b. Predictors: (Constant), Profitabilitas

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	35,787	1,959		18,265	,000
	Profitabilitas	3,531	19,248	,027	,183	,855

a. Dependent Variable: Tingkat Pengungkapan ISR

Appendix 17. Multiple Regression Test Results (Hypothesis 4)

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Profitabilitas, Ukuran Perusahaan, Umur Perusahaan ^b		Enter

a. Dependent Variable: Tingkat Pengungkapan ISR

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,580 ^a	,336	,292	5,91145

a. Predictors: (Constant), Profitabilitas, Ukuran Perusahaan, Umur Perusahaan

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	797,231	3	265,744	7,605	,000 ^b
	Residual	1572,534	45	34,945		
	Total	2369,765	48			

a. Dependent Variable: Tingkat Pengungkapan ISR

b. Predictors: (Constant), Profitabilitas, Ukuran Perusahaan, Umur Perusahaan

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-34,825	22,465		-1,550	,128
	Umur Perusahaan	,297	,133	,324	2,226	,031
	Ukuran Perusahaan	4,199	1,488	,382	2,822	,007
	Profitabilitas	-15,330	17,437	-,116	-,879	,384

a. Dependent Variable: Tingkat Pengungkapan ISR