Talaa Journal of Islamic Finance
https://e-journal.iaingorontalo.ac.id/index.php/talaa

The Effect of Profitability, Liquidity and Leverage on Disclosure of Islamic Social Reporting with Company Size as a Moderating Variable in Pharmaceutical Sub-Sector Companies Registered at ISSI

Dian Amelia[1], Sunarsih Sunarsih[2*], Siti Nor Amira Mohamad[3]
[1&2] Universitas Islam Negeri Sunan Kalijaga Yogyakarta, Indonesia
[3] Universiti Teknologi MARA, Malaysia
[*] Corresponding Email: sunarsih@uin-suka.ac.id

Keywords:
Islamic Social Reporting, Profitability, Liquidity, Leverage, Firm Size.

ABSTRACT

This study aims to examine the effect of profitability, liquidity, and leverage on the disclosure of Islamic social reporting, with firm size as a moderating variable, in the pharmaceutical sub-sector companies listed on the Indonesian Sharia Stock Index (ISSI) for the 2017–2020 period. The analytical method used in this research is data regression analysis, which is then measured using the Eviews 12 test tool. Through the model feasibility test, this study uses the random effect model as the best model in the study. The results showed that before using the moderating variable, profitability had a negative influence on Islamic social reporting disclosure, and after using the moderating variable, profitability had a positive influence. Meanwhile, the liquidity variable had no effect on the disclosure of Islamic social reporting, either before or after using the moderating variable. Then the leverage variable, before using the moderating variable, had a positive effect on the disclosure of Islamic social reporting, and after using the moderating variable, it had a negative effect on the disclosure of Islamic social reporting.

Kata Kunci:
Pelaporan Sosial Islam, Profitabilitas, Likuiditas, Leverage, Ukuran Perusahaan

ABSTRAK

Pengaruh Profitabilitas, Likuiditas dan Leverage Terhadap Pengungkapan Pelaporan Sosial Islam Dengan Ukuran Perusahaan Sebagai Variabel Moderasi pada Perusahaan Sub Sektor Farmasi yang Terdaftar di ISSI. *Penelitian ini bertujuan untuk menguji perngaruh profitabilitas, likuiditas dan leverage terhadap pengungkapan Islamic Social Reporting dengan ukuran perusahaan sebagai variabel moderating, di perusahaan sub sektor farmasi yang terdaftar di Indeks Saham Syariah Indonesia (ISSI) periode 2017-2020. Metode analisis yang digunakan dalam penelitian ini adalah analisis regresi data penel yang kemudian diukur dengan alat uji Eviews 12. Melalui uji kelayakan model, penelitian ini menggunakan Random Effect Model sebagai model terbaik dalam penelitian. Hasil penelitian menunjukkan bahwa sebelum menggunakan variabel moderating profitabilitas berpengaruh negatif terhadap pengungkapan islamic social reporting dan setelah menggunakan variabel moderating profitabilitas berpengaruh positif. Sedangkan pada variabel likuiditas tidak berpengaruh terhadap pengungkapan islamic social reporting baik sebelum ataupun setelah menggunakan variabel moderating. Kemudian pada variabel leverage sebelum menggunakan variabel moderating berpengaruh positif terhadap pengungkapan islamic social reporting dan setelah menggunakan variabel moderating berpengaruh secara negatif terhadap pengungkapan islamic social reporting.*

Article Information	: Received: 15 January 2023; Revised: 30 Juni 2023; Accepted: 30 Juni 2023
Issue	: Volume 3, Number 1: June 2023
Hou To Cite	: Sunarsih, S., Amalia, D., & Mohamad, S. N. A. (2023). The Effect of Profitability, Liquidity and Leverage on Disclosure of Islamic Social Reporting with Company Size as a Moderating Variable in Pharmaceutical Sub-Sector Companies Registered at ISSI. *Talaa : Journal of Islamic Finance*, *3*(1), 63–77. https://doi.org/10.54045/talaa.v3i1.724
e-ISSN / p-ISSN	: 2807-3002 (E) / 2807-3312 (P)

INTRODUCTION

The Islamic economy is now more developed than in the previous year. This is evidenced by the increasing number of sharia-based companies emerging from time to time, as well as on sharia capital markets or exchanges. In addition to sharia companies, there is an Islamic capital market or exchange. Islamic capital market assets increased significantly. At present, a product according to Islamic principles that is the same as the market or capital exchange is the Indonesian Sharia Stock Index (ISSI), which serves as a benchmark for shareholders to invest their shares in Islamic stocks and reflects the ability of all Islamic stocks listed on the IDX (Sulistyawati & Indah, 2017).

Some of the companies listed on ISSI are pharmaceutical companies; the pharmaceutical sub-sector is part of the manufacturing sector in ISSI that grows the slowest among other sub-sectors. Sub-sector companies registered with ISSI are expected to show good religious aspects, even at a low growth rate. One of them is the acknowledgment of the company's social responsibility report. Companies that are said to be good must be responsible for good relations between them and the wider community. In other words, it creates corporate social responsibility (CSR). In this way, the pharmaceutical sub-sector can see how their social responsibility is upheld (Rama, 2015).

The Indonesian government has enacted Corporate Disclosure Provisions for Social Responsibility (CSR) in Law No. 40 of 2007 to describe a limited company. From here, the company's annual report must contain explanations, for example, in the form of social and ecological disclosure reports. The contents of the article notify that a business entity conducting business in and/or related to natural resources (SDA) has an obligation to carry out social responsibility (Swandari et al., 2018).

Disclosure of social responsibility in companies develops not only in conventional business fields but also in Islamic-influenced businesses called Islamic Social Reporting, namely the implementation of Islamic bank social responsibility which summarizes the elements of CSR criteria designated by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Islamic indicators of social responsibility are bound by Islamic principles such as usury, speculation, *gharar*, disclosure of zakat, adherence to sharia, and social aspects such as sadaqah, waqf, and *qordul hasan*, as well as the implementation of worship in the corporate environment (Sulistyawati & Indah, 2017).

The meaning of Islamic Social Reporting (ISR) is a form of corporate responsibility to Allah SWT and society, as well as providing relevant information on respecting or following Islamic spiritual needs and transparency of business operations according to sharia when making the right decisions (Santoso & Dhiyaul-Haq, 2017). According to Affandi & Nursita (2019), the ISR Index is a continuation of social reporting which includes not only people's expectations of the company's duties to the economy but also its duties from a spiritual perspective. Next, the ISR Index focuses on social justice with regard to the environment, minority rights, and worker reporting.

The financial ratios used in this study are profitability, leverage, and liquidity. In this study, we used profitability ratios in ISR disclosure because they can describe the company's ability to generate profits. This study uses financial ratios of liquidity in ISR disclosures which can reflect a company's ability to meet its short-term obligations by using its current assets. Furthermore, this study uses leverage in ISR disclosures which can describe a company's ability to fulfill its long-term obligations (Widiyanti & Hasanah, 2018).

One important factor in disclosing a company's Islamic social responsibility is company size. The bigger the company's total assets are, the larger it will be and will generate high profits, so the smaller the short-term debt or period required by the company (Nurjanah & Bawono, 2020). Large companies have excess resources compared to small or medium companies. Big companies have these abundant funds, equipment, and resources, so it is easier to make disclosures according to Islamic principles (Shayid, 2020).

Based on the description above, researchers are interested in re-examining the impact of profitability, liquidity, and leverage on Islamic social disclosure. Reporting on pharmaceutical sub-sector companies registered at ISSI in 2017–2020, because the results of the previous research were not consistent, this study will use company size as a moderating variable. This is done because the size of the company is one of the influencing factors in the disclosure of Islamic social responsibility (Shayida, 2020).

The use of the size of the company as a moderating variable in analyzing the influence of profitability, liquidity, and leverage on Islamic social disclosure reporting is a novelty in this study. This purposeful study is to give input to the company on what is necessary to be noticed by the company in doing Islamic social disclosure.

LITERATURE REVIEW

Legitimacy Theory

Legitimacy theory explains the structure of corporate governance designed to position companies in society, government, and community groups. Because it is a system that directs the company's order to attach importance to the desire of the public, the activity of the company must be in line with the desire of society (Hadi, 2011). A company's existence is justified in society when business and activities follow approved rules. If a company operates in accordance with norms expected by society, there is no suitability or legitimacy between the activity of the company and the desires of the community (Santoso & Dhiyaul-Haq, 2017).

According to Hadi (2011), activities organized by a company must be in line with values and the social environment. There are two aspects of corporate legitimacy: activity organization, which must be in line with community values, and reporting activity, which should also practice social values.

Theoretical legitimacy explains relationships with ratios in finance like profitability, liquidity, and leverage. A company that owns a ratio of high profitability will notice more of its social and environmental aspects (Prianto, 2020). In legitimacy theory, a company with a high ratio of liquidity will maintain or enhance the level of disclosure in the eyes of its stakeholders. This is based on how strong its finances are; a strong company will give more extensive information than a weak company that has weak finances (Mudjiyanti & Maulani, 2017). The theory of legitimacy explains that the larger the corporate debt to creditors is, the fewer remaining costs to carry out social responsibility initiatives (Permatasari, 2014).

Stakeholder Theory

The theory of stakeholders emphasizes that a company is not only an operating entity solely for itself but also serves the interests of shareholders, creditors, customers, suppliers, governments, communities, analysts, and other parties. The company's responsibility which initially focused on an economic indicator of reports' finances, now shifts and considers the social aspects of stakeholders (Herawati et al., 2019).

Santoso and Dhiyaul-Haq (2017) distinguished three potential sources of existing power that stakeholders can have: voting rights sound, political clout, and economic power. Stakeholders can directly affect the institution with their voting rights through ownership of shares in the company, and participate in decision-making with their voting rights either to agree or disagree in planning organization.

Stakeholders really need financial or non-financial information about a company. One that is related to information on finance is performance, which consists of finances from profitability, liquidity, and leverage used in making investment decisions (Sari, 2013).

Islamic Social Reporting (ISR)

The ISR index is a continuation of social reporting which includes not only the hope of the public to task companies on the economy but also its role from a spiritual point of view (Hadinata, 2019). The ISR index is divided into six points of disclosure, including finance and investment, products and services, employees, community, environment, and governance.

Islamic Social Reporting (ISR) illustrates the continuation of a social reporting that not only enters into the council's wishes to raise public awareness of the role of business in the economy but also fulfills the spiritual foundation view of using reporting Islamic finance. ISRs are becoming forms of accountability towards Allah SWT and society, with the spiritual needs of sharia investors in mind, displaying appropriate information, and sticking to shariah in making decisions (Rizfani & Lubis, 2019).

Profit (2008) states that the ISR index is divided into six points of disclosure, including finance and investment, products and services, employees, community, environment, and governance. When elaborating on the content of the report, the company gives information without quite enough social responsibility (obligation) contained inside it when determining the Index of Islamic Social Reporting.

Profitability

According to Sartanto (2014), profitability is the ability of a company to create profit in relation to sales, total assets, and capital. Profitability of companies is counted from successful companies and expertise moments in utilizing the assets in a productive manner because profitability is something a company can do with a share of profit received during a certain period of time with an asset or company capital (Prasetyoningrum, 2019).

Liquidity

According to Sutrisno (2017), liquidity is the ability of a company to pay its obligations as soon as possible. Liquidity is related to the confidence of creditors in the ability of the company to pay short-term obligations. The greater the liquidity of a company, the safer the credit term of the receivables given to the company. Liquidity is something that is indicated by a company with large or small assets with fluidity, that is, assets that can be easily converted, such as into cash, letters of credit, receivables, and inventories.

Leverage

Leverage ratio is a measure that can be used to gauge how much of a company's assets are covered by its liabilities. It explains how much debt your company has compared to assets. Leverage ratio is used at will. A company can use all or part of the leverage ratio from all types of ratios (Affandi & Nursita, 2019).

Firm Size

According to Prasetyoningrum (2019), there is an increase in the number of large companies and the amount of information that investors have access to which makes it easier for them to make decisions about which companies to invest in. The size of a company is also a factor that determines how much capital it needs to stay sustainable. Large companies need more capital to cover their operating costs and to invest in growth. However, even large companies may not have enough capital to address all of their social and environmental responsibilities (Rozzi & Bahjatullah, 2020).

HYPOTHESIS DEVELOPMENT

Effect of Profitability on Disclosure of Islamic Social Reporting

Sabrina and Betri (2018) define the operational goal of most companies as "profit maximization." The profitability ratio is an indicator that intends to explain the expertise of a company to create profits for a certain period of time; it can also provide an explanation regarding management's ability to run a business. Management effectiveness is shown by the benefits obtained from sales as well as company investment (Darmawan, 2020). Profitable businesses are more susceptible to political interference. Therefore, these companies are encouraged to submit a more detailed explanation in their annual reports to minimize political costs and make their financial capabilities available to the public (Sabrina & Betri, 2018).

The research conducted by Kurniawati and Yaya (2017) shows that profitability has a significant positive effect on the level of disclosure of Islamic social reports. Based on the results of the study as well as theoretical research, it can be formulated as follows:

H1: Profitability has a positive effect on Islamic social disclosure reporting (ISR) for pharmaceutical sub-sector companies registered with ISSI in 2017–2020.

The Effect of Liquidity on Disclosure of Islamic Social Reporting

According to Darmawan (2020), liquidity is the ability of a company to settle its short-term debt. If a company can settle its obligations, it is considered a liquid company. On the contrary, if a company fails to fulfill its obligations, it is said that the company is not liquid. To settle its obligations, the company must have cash, investments, or other short-term assets that can be converted into cash.

According to research by Rozzi and Bahjatullah (2020), liquidity has a significant effect on disclosure in Islamic Social Reporting (ISR). So, it can be formulated as:

H2: Liquidity has a negative effect on Islamic social disclosure reporting (ISR) for pharmaceutical sub-sector companies registered with ISSI in 2017–2020.

Leverage Effect towards Islamic Social Disclosure Reporting

Leverage is used to calculate the company's ability to fulfill all kinds of obligations to other parties. The leverage ratio represents how long the company's assets are funded by external capital. Leverage is used to calculate the company's ability to complete all obligations to other parties. Management that has a high level of leverage minimizes social disclosure to overcome investigations conducted by collectors (Sulistyawati & Indah, 2017).

Sabrina and Betri (2018) states that calculation of the leverage ratio is needed as a basis for determining the use of loans or capital as a source of replacement for company assets. Companies need to explain to investors, creditors, or other stakeholders their solvency and the impact of these loans on their business.

The study by Pratama et al., (2018) proves that leverage has a significant positive effect on disclosure in Islamic Social Reporting (ISR). Based on the following, this research is formulated as follows:

H3 = leverage positive influence on Islamic social disclosure reporting (ISR) for pharmaceutical sub-sector companies registered with ISSI in 2017–2020.

Firm size moderates the relationship between profitability and Islamic social disclosure reporting (ISR).

A high level of profitability indicates that a business can handle greater costs for disclosing various explanations in social responsibility reports, such as Islamic social reports. Therefore, companies are encouraged to disclose more detailed explanations in their annual reports to minimize political costs and prove their worth. When a company makes huge profits, it funds the public and gives it full power to implement its policies.

The research conducted by Sabrina and Betri (2018) showed that company size can strengthen the effect of profitability on Islamic social reporting. Therefore, based on this research, it can be formulated as:

H4: Firm size strengthens the influence between profitability and Islamic Social Disclosure Reporting (ISR) for pharmaceutical sub-sector companies registered with ISSI in 2017–2020.

Firm size moderates the relationship between liquidity and Islamic social disclosure reporting (ISR).

Liquidity means that the company is more able to pay bills and also affects the level of disclosure of social responsibility, such as Islamic Social Reporting (ISR). In this way, liquid companies send a signal to other companies that they are better than them. This mark is shared by companies that disclose quite extensive explanations in their social responsibility reports.

In research conducted by Rozzi and Bahjatullah (2020), the results showed that company size can weaken the effect of liquidity on Islamic social reporting. So, based on this study, it is explained that company size can reduce the impact of liquidity on Islamic social reporting. Therefore, based on this research, it can be formulated as:

H5: Firm size weakens the influence between liquidity and Islamic Social Disclosure Reporting (ISR) for pharmaceutical sub-sector companies registered with ISSI in 2017–2020.

Firm size moderates the relationship between leverage and Islamic social disclosure reporting (ISR).

Companies with high levels of debt are more likely to experience liability breaches, so managers try to report greater actual earnings. To increase reported income, managers need to reduce the budget, including the Islamic social reporting disclosure budget. One of the solutions used by companies to increase the value of their profits is to require additional capital from creditors or investors. Creditors and investors calculate the rate of accountability as well as transparency in company operations before lending or investing capital.

Research conducted by Sabrina and Betri (2018) explains that company size can increase its influence on Islamic social reporting. Therefore, based on this research, it can be formulated as:
H6: Firm size strengthens the effect of leverage with the disclosure of Islamic Social Reporting (ISR) for pharmaceutical sub-sector companies registered with ISSI in 2017–2020.

RESEARCH METHODS

Studying quantitatively is research that uses data in the form of figures (Rama, 2015) as source information that can be utilized in the study. This is an addition to the annual report from sub-sector companies registered in the Indonesian Sharia Share Register (ISSI) from 2017 to 2020. Books, articles, and notes daily related to this are also used as source information for inspection.

The population used in the study is sub-sector companies. There are 11 pharmaceutical companies listed on the Indonesian Sharia Stock Index (ISSI) for 2017–2020. The researcher is using financial data from the company's annual report as a sample, where the data is accessed from idx.co.id. Stages carried out include taking samples with the method of purposive sampling with criteria of samples including (1) sub-sector companies pharmacies registered with ISSI in 2017–2020; and (2) companies that publish report data finance annually completed in the period 2017–2020.

In the study, technical analysis of the data used is based on panel data regression. Formal regression on panel data for the study is as follows:

$$ISR = \beta 0 + \beta_1 \, ROA_{it} + \beta_2 \, CR_{it} + \beta_3 \, DAR_{it} + \beta_4 \, Ukuran * ROA_{it} + \beta_5 \, Size * CR_{it} + \beta_6 \, Ukuran * DAR_{it} + e$$

Where:
ISR = Islamic Social Reporting
$\beta 0$ = constant
β = Coefficient regression variable independent
ROA = Profitability
CR = Liquidity
DAR = Leverage
Size = Company Size
I = Company
t = Time
ε = Error normal distribution with a mean of 0, ie computed ε is assumed zero

RESULTS AND DISCUSSION

Analysis of Statistics Descriptive

Analysis of test results and statistics is descriptive as follows:

Table 1: Statistics Descriptive

Variable	N	Means	std. Dev	Min	Max
ISR	40	0.633075	0.081993	0.456000	0.767000

ROA	40	9.923050	14.82260	-3.0200000	92.10000
CR	40	2.669250	1.412710	0.900000	7.800000
DER	40	2.904750	10.57687	0.090000	67.70000
SIZE COMPANY	40	32.39704	3.708605	27.46497	37.65515

Source: Processed results of research data

Table results explain that the surveyed sample is 40 research data points from 10 subsector pharmacies listed on ISSI from 2017 to 2020. The variable average number found for Islamic Social Reporting (ISR) is 0.633075. Median 0.651000. The maximum is 0.767000, but disclosure is high, with a minimum of 0.465000.

The average company ROA for subsector pharmaceuticals included in the study is 9.923050 with a standard deviation of 14.82260. The minimum ROA amount is -0.0302000 at PT Indofarma Tbk (INAF) and a maximum of 92.10000 at PT Merck Tbk (MERK).

The average (mean) ratio liquidity company subsector surveyed pharmacy in this study is 2.669250, and by default, the deviation is 1.412710. The minimum CR number is 0.90000; it is at PT Kimia Farma (KAEF), and the maximum amount is 7.800,000 in PT Industri Herbal Medicine and Pharmacy Sido Appear Tbk. (SIDO).

The average company leverage variable subsector surveyed pharmacy in the study is 2.904750, with a standard deviation of 10.57687. The minimum amount of debt to equity ratio (DER) is 0.900000, which was obtained by PT Industri Herbal Medicine and Pharmacy Sido Appear Tbk. (SIDO), and the highest amount, 67.70000, was obtained by PT Phapros Tbk. (PEHA).

The average (mean) of the variables reflected a moderation in the size of the company subsector surveyed pharmacy in this study is 32.39704, and by default, the deviation is 3.708605. The minimum company size is 27.46497, which is owned by some company, PT Merck Tbk (MERK), while the maximum is 37.65515, which is owned by PT Kalbe Farma Tbk.

Determination Test Panel Data Regression

Chow Test

The Chow test is to determine the optimal fixed or general effect for panel data calculations. If the number of probabilities is > 0.05, then accept H0 and reject H1. Thus, the approach model obtained is collaborative. But if the number of probabilities is 0.05, then reject H0 and accept H1. In other words, the model that can be obtained in this study has a fixed effect.

Table 2: Chow test

	Statistics	Prob
Cross Section F	29.632997	0.00

Source: Processed results of research data

If the Chow test output results above prove that the total probability F is 0.0000 < 0.05, then reject H0 and accept H1. This shows that the model's fixed effect is more appropriate to use than the model's random effect.

Hausman Test

The Hausman test is used to determine which fixed or random effects are most suitable for estimating panel data. Acceptance occurs when the total probability >0.05 rejects H0 and accepts H1, meaning the model selected using the fixed approach effect. If probability > 0.05 accepts H0, that is when random effects are selected.

Table 3: Hausman test

Test Summary	Prob.
Cross-Section Random	0.0619

Source: Processed results of research data

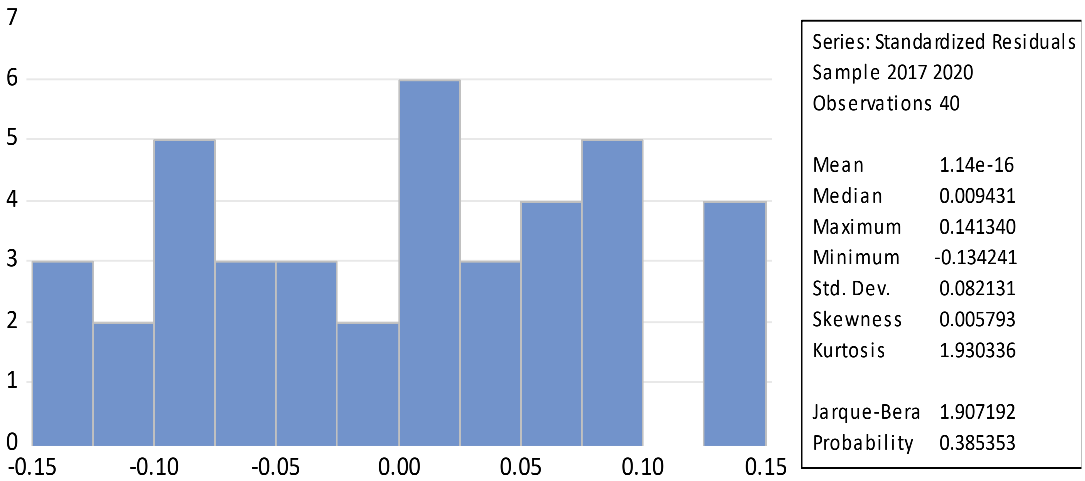
The results of the Hausmann test above show that the total probability is 0.0619 > 0.05, so H0 accepts and rejects H1. This shows that a random effect is more suitable than a fixed effect.

Assumption Test Classic

Normality Test

Normality Test Results as follows:

Chart: Normality Test



Source: Processed results of research data

The normality test used the distributed Jarque Bera test in which normal or not can be determined from the amount probability JB (Jarque Bera), whose value is 0.05. Based on the results above, the value of JB (Jarque Bera) is 0.385353. Also, mark JB (JarqueBera) as taller from the results with a significance of 0.05. Because of that, variables can be interpreted as normally distributed.

Multicollinearity Test

Multicollinearity test results are as follows:

Table 4: Test Multicollinearity

	ROA	CR	DER	SIZE
ROA	1.000000	0.187895	0.008678	-0.247567
CR	0.187895	1.000000	0.159926	-0.044117
DER	0.008678	0.159926	1.000000	0.108592
SIZE	-0.247567	-0.044117	0.108592	1.000000

Source: Processed results of research data

Based on the analysis test results correlation, if the connection between variable smaller than 0.90, then it can be concluded that there is a problem with multilinearity. If the ROA, CR, and DER values are less than 0.09, then we can conclude that there is no problem with multicollinearity with variables.

Autocorrelation Test

Autocorrelation test results are as follows:

Table 5: Autocorrelation Test

F-statistic	0.380821	Prob. F(2,29)	0.6867
Obs*R-squared	0.998065	Prob. Chi-Square(2)	0.6071

Source: Processed results of research data

Based on the results above, the mark probability chi-square is 0.6071 and exceeds the mark significance of 0.05. It can be interpreted that there are symptoms of autocorrelation in this study.

Heteroscedasticity Test

Heteroscedasticity test results are as follows:

Table 6: Heteroscedasticity Test

F-statistic	1.147502	Prob. F(7,32)	0.3594
Obs*R-squared	8.025988	Prob. Chi-Square(7)	0.3303
Scaled explained SS	2.166033	Prob. Chi-Square(7)	0.9501

Source: Processed results of research data

Based on the output above, the mark of the chi-square probability is 0.3303. This is more significant than the significance level of 0.05, and it can be understood that the variables tested do not have symptoms of heteroscedasticity.

Significance Test

Simultaneous (Test F)

F test results are as follows:

Table 7: Simultaneous (Test F)

F-statistics	2.877277
Prob(F-statistic)	0.018960

Source: Processed results of research data

Table shows results output t, where the F-statistic value is 2.877277 with an amount probability of 0.0189600.05. The study shows that the whole variable affects the dependent variable in a simultaneous manner.

Partial Test t

The results of the t test are as follows:

Table 8: Partial Test t

Variable	t	Prob.
C	0.353923	0.7257
ROA	-2.258750	0.0308
CR	1.850310	0.0736
DER	3.235315	0.0028
SIZE	2.259317	0.0308
ROA*SIZE	2.306003	0.0277
CR*SIZE	-2.008526	0.0531
DER*SIZE	-3.230745	0.0029

Source: Processed results of research data

Table this shows the output of a partial t-test. From the six independent variables used in research, two influential variables are significant to the dependent variable: ROA score (0.0308 < 0.05), DER score (0.0028 < 0.05), ROA* measurable (0.0277 < 0.05), and DER* size (0.0029 < 0.05). Variables independent of CR (0.0735) and CR*size (0.0531) do not affect disclosure in the Islamic Social Report (ISR) because the value is bigger than 0.05. Whereas the mark probability from the mark variable for a moderate-sized company is 0.0308 (0.0308 < 0.05). Because of that, the size of the company will influence the disclosure of Islamic Social Reporting (ISR).

Coefficient Test Determination

Coefficient test results are determined as follows:

Table : Coefficient Test Determination

R-squared	0.386279
adjusted R-squared	0.252027

Source: Processed results of research data

The table above shows the adjusted R^2 value with panel data regression which is 0.252027, or 25.2027%. The result of the output is variable-free (profitability, liquidity, leverage) and constitutes variable-bound (25.2027% ability to explain Islamic Social Report (ISR), whereas the remaining 74.7973% are other variables that are not studied.

DISCUSSION

Influence of Profitability in Islamic social reporting

Profitability has a negative effect on the company's Islamic Social Reporting subsector and ISSI-registered pharmacy. That is, the higher the profitability, the less disclosure of Islamic Social Reporting is. From the results of the study, it is clear that companies with large and profitable profits own enough assets which can be distributed to social as well as environmental activities. Of course, distributing assets in social activities and circles with existing materials. This causes low-level disclosure in Islamic Social Report (Respati & Hadiprajitno, 2015).

These research results are in accordance with studies by Hadinata (2019), Rizfani & Lubis (2019), and Affandi & Nursita (2019), which also found that profitability has a negative effect on Islamic social reporting. It can be concluded that H_1 is rejected, which shows that with existing profitability, it can weaken disclosure in Islamic social reporting.

Influence of Liquidity in Islamic social reporting

The liquidity ratio has no effect on ISR disclosure. One of the reasons that cause liquidity has no its own influence over the ISR is because the company only knows a little about the quality status of liquidity in the company. Because that is the status of liquidity, it has not yet been used as a consideration by the company that will affect disclosure and is not quite enough to answer social activities so that creditors do not see the existence of ISR disclosure in known circumstances or situations (Lestari, 2016).

The results match those of Agtriyanti & Setiawati (2018), Lestari (2016), and Sipayung (2014) where liquidity has no effect on Islamic social reporting. It can be concluded that H_2 is rejected, which shows that there is no liquidity and no influence disclosure in Islamic social reporting.

Influence of Leverage on Islamic social reporting

Leverage influences positively on ISRs. Based on statements related to theory and internal stakeholders in the journal Respati & Hadiprajitno (2015), companies with high leverage disclose more reporting of their stakeholders' interests to reduce doubt and build trust in the company's expertise. This is highly supported by the interests of the company's stakeholders.

Research results show that this is in accordance with studies by Ramadhani (2016), Anggraini & Wulan (2019), and Sabrina & Betri (2018), who found that leverage affects disclosure in Islamic social reporting. It can be concluded that H3 is accepted, which shows that there is leverage to strengthen Islamic social reporting.

Firm size moderates the relationship between profitability and Islamic social disclosure reporting (ISR).

A large company can positively moderate the influence of profitability with ISR. The larger the company, the better the company's condition, and the more likely it is to deepen relationships with the local community and stakeholders' interests by responding to the needs of stakeholders interests, such as activities that are not enough to answer social companies. Cashmere (2017) and Sabrina & Betri (2018) show that in seeking maximum profits, a company can do a lot for the welfare of owners and workers, add product quality, invest in new capital, and develop more companies to carry out Islamic Social Reporting.

This is according to research conducted by Sabrina & Betri (2018), Umiyati & Danis Baiquini (2018), and Rosiana et al. (2016) which disclose that a large company can moderate profitability through Islamic social reporting (ISR). Hence, it can be concluded that H_4 is accepted that a company of any size can influence profitability in Islamic Social Reporting.

Firm size moderates the relationship between liquidity and Islamic social disclosure reporting (ISR).

The size of the company still cannot affect the liquidity of the company's disclosure of Islamic social reporting (ISR). In this study, liquidity affects Islamic social reporting (ISR), and it was found that liquidity also does not affect the disclosure of Islamic social reporting (ISR) due to the lack of high liquidity quality in the company.

The results of this study are relevant to previous studies that measured the size of the company on Islamic social reporting disclosure using the size of the company as an independent variable. Research conducted by Affandi & Nursita (2019), Zulhaimi & Nuraprianti (2019), and Manurung (2020) also showed that the size of the company has no effect on disclosure of Islamic social reporting (ISR). It can be concluded that H 5 was rejected that the size of the company cannot moderately influence liquidity in Islamic social reporting.

Firm size moderates the relationship between leverage and Islamic social disclosure reporting (ISR).

The size of the company has not yet been able to strengthen the company's disclosure on Islamic Social Reporting (ISR). Larger companies have better financing, facilities, and human resources. It can be said that their own ratios are low, which allows the company to carry out financial activities and have little obligation to others, so there is no party that urges them to conduct Islamic Social Reporting (ISR) (Taufik et al., 2014).

These results are related to previous studies that measured the size of a company on disclosure in Islamic social reporting which used the size of the company as an independent variable. Research conducted by Affandi & Nursita (2019), Zulhaimi & Nuraprianti (2019), and Manurung (2020) found that companies of that size have no effect on disclosure in Islamic social reporting (ISR). In other words, H6 was rejected, indicating that the size of the company cannot moderately influence the leverage of Islamic social reporting.

CONCLUSION

The results of the study show that the variables of profitability and liquidity have no effect on Islamic Social Reporting (ISR). Thus, companies with increasing profitability and enabling assets, as well as sufficient liquidity, but of course distribute assets in social or circular activities, can only increase profitability and be used to increase the company's working capital and not be distributed for social activities. Whereas leverage has a positive effect on disclosure in Islamic Social Reporting (ISR). This is in accordance with stakeholder theory, all companies with leverage disclose more cost reports to their stakeholders to reduce doubt and build trust in the company's expertise.

This study proves that the size of the company positively affects profitability with the disclosure of Islamic Social Reporting (ISR). This means that the larger the company, the better the company's condition, the stronger the company's relationship with the local public interest and stakeholders. This is done by responding to the needs of stakeholder interests, such as activities that are not enough to answer social enterprises. The size of the company can be too moderate to negatively affect leverage with disclosure through Islamic Social Reporting (ISR). Larger companies have more financing, facilities, and human resources. It could be said that your own ratio is low, which allows the company to carry out financial activities and have little obligation to others, so there is no party that urges to do Islamic Social Reporting. However, the size of the company cannot moderate the impact of liquidity to disclose Islamic Social Reporting (ISR) because the company's liquidity is more directed at meeting the company's working capital to maintain smooth operations.

REFERENCES

Affandi, H., & Nursita, M. (2019). Profitabilitas, Likuiditas, Leverage, Dan Ukuran Perusahaan: Sebuah Analisis Islamic Social Reporting (ISR) Pada Perusahaan Yang Terdaftar Di JII. In Majalah Ilmiah Bijak (Vol. 16, Issue 1).

Anggraini, A., & Wulan, M. (2019). Faktor Financial -Non Financial Dan Tingkat Pengungkapan Islamic Social Reporting (ISR). Jurnal Akuntansi Dan Keuangan Islam, 3(2), 161–184.

Darmawan. (2020). Dasar-Dasar Memahami Rasio Dan Laporan Keuangan.

Hadi, N. (2011). Corporate Social Responsibility. GRAHA ILMU.

Hadinata, S. (2019). Islamic Social Reporting Index Dan Kinerja Keuangan Pada Perbankan Syariah Di Indonesia. Ekbis: Jurnal Ekonomi Dan Bisnis, 2(1), 72.

Herawati, Rawi, & Destina, R. (2019). Pengaruh ROA Dan Ukuran Dewan Pengawas Syariah Terhadap Islamic Social Reporting Pada Bank Umum Syariah. Jurnal Akuntansi, 14(1), 1–12.

Kurniawati, M., & Yaya, R. (2017). Pengaruh Mekanisme Corporate Governance, Kinerja Keuangan Dan Kinerja Lingkungan Terhadap Pengungkapan Islamic Social Reporting. Jurnal Akuntansi Dan Investasi, 18(2), 163–171.

Mudjiyanti, R., & Maulani, S. S. (2017). Pengaruh Likuiditas Dan Profitabilitas Terhadap Pengungkapan Corporate Social Responsibility Pada Perusahaan Terdaftar Di Bursa

Efek Indonesia. Media Ekonomi, 17(1), 7.

Nurjanah, I., & Bawono, A. (2020). Institusional Dan Kepemilikan Manajerial Terhadap Pengungkapan Islamic Social Reporting Dengan Ukuran Perusahaan Sebagai Varaibel Moderating Tahun. 21, 140–151.

Permatasari, H. D. (2014). Pengaruh Leverage, Tipe Industri, Ukuran Perusahaan Dan Profitabilitas Terhadap Corporate Social Responsibility (CSR) (Studi Pada Perusahaan-Perusahaan Yang Terdaftar Di Bursa Efek Indonesia Periode Tahun 2010-2012). Journal Of Management, 4, 1–9.

Prasetyoningrum, A. K. (2019). Pengaruh Ukuran Perusahaan, Profitabilitas, Leverage, Efisiensi Biaya, Dan Umur Perusahaan Terhadap Islamic Social Reporting (ISR) Pada Perbankan Syariah Di Indonesia. MALIA: Journal Of Islamic Banking And Finance, 2(2), 147.

Pratama, A. Nur Abadi, Muchlis, S., & Wahyuni, I. (2018). Determinan Pengungkapan Islamic Social Reporting(Isr) Pada Perbankan Syariah Dengan Komisaris Independen Sebagai Variabel Moderating. Al-Mashrafiyah : Jurnal Ekonomi, Keuangan, Dan Perbankan Syariah, 1(2), 103–115.

Rama, A. (2015). Analisis Determinan Pengungkapan Islamic Social Reporting: Studi Kasus Bank Umum Syariah Di Indonesia. EQUILIBRIUM: Jurnal Ekonomi Syariah, 2(1), 95–115.

Rizfani, K. N., & Lubis, D. (2019). Pengungkapan Islamic Social Reporting Pada Perusahaan Di Jakarta Islamic Index. Al-Muzara'ah, 6(2), 103–116.

Rosiana, R., Arifin, B., & Hamdani, M. (2016). Pengaruh Ukuran Perusahaan, Profitabilitas, Leverage, Dan Islamic Governance Score Terhadap Pengungkapan Islamic Social Reporting (Studi Empiris Pada Bank Umum Syariah Di Indonesia Tahun 2010-2012). Esensi, 5(1), 87–104.

Rozzi, M. F., & Bahjatullah, Q. M. (2020). Analisis Determinan Pelaporan Islamic Social Reporting (ISR) Pada Bank Umum Syariah Indonesia Tahun 2015-2019. MALIA: Journal Of Islamic Banking And Finance, 4(2), 92.

Sabrina, N., & Betri. (2018). Pengaruh Profitabilitas Dan Leverage Terhadap Pengungkapan Islamic Social Reporting Dengan Ukuran. Balance : Jurnal Akuntansi Dan Bisnis, 3(1), 324–333.

Santoso, A. L., & Dhiyaul-Haq, Z. M. (2017). Determinan Pengungkapan Islamic Social Reporting Pada Bank Umum Syariah Di Indonesia. Jurnal Dinamika Akuntansi Dan Bisnis, 4(2), 125–142.

Sari, M. K. (2013). Pengaruh Profitabilitas, Likuiditas Dan Pertumbuhan Perusahaan Terhadap Pengungkapan Corporate Sosial Responsibility (Pertambangan Dan Indutri Semen). Analisis Pendapatan Dan Tingkat Kesejahteraan Rumah Tangga Petani, 53(9), 1689–1699.

Sartanto, A. (2014). Manajemen Keuangan Teori Dan Aplikasi. BPFE-YOGYAKARTA.

Shayida, M. Y. N. (2020). Pengaruh Profitabilitas Dan Leverage Terhadap Pengungkapan Islamic Social Reporting Dengan Ukuran Perusahaan Sebagai Pemoderasi Papa Perusahaan Di JII. 2(1), 1–17.

Sipayung, E. (2014). Issn : 2339-0832. Pengaruh Kinerja Keuangan, Corporate Governance, Dan Kualitas Audit Terhadap Pengungkapan Corporate Social Responsibility, September, 1–18.

Sulistyawati, A. I., & Indah, Y. (2017). Pengungkapan Islamic Social Reporting Pada Indeks Saham Syariah Indonesia. Akuisisi: Jurnal Akuntansi, 13(2), 15–27.

Sutrisno. (2017). Manajemen Keuangan Teori Konsep Dan Aplikasi. EKONISIA.

Swandari, F., Setiawan, I., & Dewi, D. M. (2018). Pengaruh Pengungkapan Islamic Social Reporting (ISR) Terhadap Nilai Perusahaan Dengan Kinerja Keuangan. Jurnal Wawasan Manajemen, 6(2), 168–186.

Umiyati, & Danis Baiquini, M. (2018). 10-19-1-SM.Pdf.

Untung, H. B. (2008). Corporate Social Responsibility. SINAR GRAFIKA.

Widiyanti, N. W., & Hasanah, N. T. (2018). Analisis Determinan Pengungkapan Islamic Social Reporting (ISR) (Studi Kasus Pada Perusahaan Yang Terdaftar Pada Jakarta Islamic Index Tahun 2011 - 2015). BISNIS : Jurnal Bisnis Dan Manajemen Islam, 5(2), 239.

Zulhaimi, H., & Nuraprianti, N. R. (2019). 17729-47616-2-PB.Pdf.