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The Influence Of Company Size, Liquidity, Profitability, And Leverage On Islamic Social Report Disclosure

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Abstract

Purpose - Determine the influence of company size, liquidity, profitability and leverage on Islamic Social Reporting (ISR) disclosure in companies listed on the Jakarta Islamic Index (JII) for the 2017-2021 period.

Method - This study uses a quantitative approach using secondary data. The research sample was selected through purposive sampling method and obtained 10 companies registered in the Jakarta Islamic index.

Result - Return on assets has a negative and non-significant impact on the Islamic banks share price in the stock exchanges, the return on equity and price/earnings ratio have a non-significant positive impact on the banks share price, while there is a negative and significant impact between earnings per Share and the banks share price index.

Implication - This research becomes information and assessment for companies listed on the JII because information-rich social responsibility reports show the company's commitment to be accepted.

Originality - Research on ISR disclosure is still rarely researched, the use of companies listed on the JII is because previous research mostly discussed Islamic banks, while there are still many companies other than Islamic banks. The JII was chosen as the research object because the stock index on JII meets the criteria for the sharia system in the sharia capital market so that it gets attention for Islamic Social Reporting disclosures.

Keywords: Social Reporting, Company Size, Liquidity, Profitability, Leverage.

Introduction

Companies or corporations have an obligation and responsibility to carry out financial reporting to stakeholders, in this case Stakeholders. The stakeholders referred to are not only company owners or shareholders, but include consumers, employees, the community and the environment. The company was founded and carries out its operations in the community, thereby causing an impact on the environment and social community. In an effort to avoid social problems and negative influences on the community environment, it is necessary to have a managerial system in the form of disclosure of corporate social responsibility called Corporate Social Responsibility.(Putri & Yuyetta, 2014).

Corporate Social Responsibility(CSR) is described as the principles of corporate social responsibility that are disclosed to stakeholders (stakeholders). Disclosure of Corporate Social Responsibility (CSR) has an essential capacity for companies that are present in the community environment and whose activities have social and environmental impacts.(Mega Arthika Dewi & Caesar Marga Putri, 2018). Every company is required to have Corporate Social Responsibility (CSR) towards the environment which is related to its business operational activities covering economic (profit), social (people) and environmental (planet) perspectives so that it is often referred to as the Triple Bottom Line (3P) concept.(Herawati, Rawi, & Destiana, 2019). The combination of these three elements (Triple Bottom Line) is a reference for a sustainable company development plan.

In Indonesia, the implementation of the Corporate Social Responsibility (CSR) program is regulated in Law number 40 of 2007 concerning limited liability companies, article 66 paragraph 6. It is stated that companies or companies in publishing annual reports are required to contain corporate reports, financial reports and social and environmental responsibility reports. . Thus, every company has an obligation to report Corporate Social Responsibility (CSR).

Muhammad Yusuf and Nurul Shayida (2020)disclosed that Corporate Social Responsibility (CSR) is defined as a plan of responsibility carried out by the company to the environment in an effort to sustainable development and to increase the vibrancy of economic growth. Social responsibility has become a significant issue that has been highlighted from time to time, because this perception is the essence of business ethics. Corporate social responsibility is the idea that forms corporate responsibility not on a single bottom line, namely the company's financial condition. However, along with the development of corporate responsibility, the triple bottom line concept introduced by John Elkington emerged, companies are now faced with three concepts, namely profit, people and planet.(Apriyanti & Budiasih, 2016)

Basically the disclosure of Corporate Social Responsibility (CSR) leads from the inside out, thus companies are required to have good environmental management so as not to cause adverse effects on the surrounding environment. Thus the company has the obligation to implement good corporate management to create good CSR.

The concept of social responsibility or Corporate Social Responsibility (CSR) is not only applied in conventional economics, but penetrates into Islamic economics or sharia economics. The concept of CSR reporting is basically expressed by referring to the rules made by the Global Reporting Initiative Index (GRI Index). While in the GRI Index guidelines there are no Islamic principles such as the prohibition of gharar, usury, and transactions that are not allowed in Islamic law. The concept of social responsibility that is aligned with Islamic or sharia principles is known as Islamic Social Reporting. In its implementation, ISR is a benchmark for corporate sharia social responsibility.(Maulida & Adiwijaya, 2021). Islamic Social Reporting (ISR) is a procedure for disclosing a company's social capabilities based on sharia. The Islamic Social Reporting (ISR) index was determined and developed using reporting benchmarks from the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

Disclosure of Islamic Social Reporting (ISR) with the ISR index was first coined by(Haniffa, 2002)by dividing it into 5 sub-themes covering, funding and investment themes, product themes, employee themes, social themes and environmental themes. In 2009, Othman developed and added the ISR disclosure theme, namely Good Corporate Governance. The development of Islamic Social Reporting (ISR) in Indonesia is increasing with the number of companies and entities implementing sharia principles in their activities and business practices, so these companies or entities should be able to carry out their responsibilities in an Islamic manner. However, sharia social reporting or ISR is still voluntary and does not have standard rules for its implementation, so that the disclosure of ISR for each company is not the same.(Sulistyawati & Indah, 2017)

Islamic Social Reporting(ISR) has the aim of being a form of corporate responsibility and accountability towards Allah SWT, and stakeholders, in this case the community, as well as increasing the transparency of business economic activities through the presentation of relevant information, taking into account the spiritual interests of Muslim investors, and compliance with sharia decision making.(Ramadhani & Kurnia, 2016)

Research on disclosure of ISR implementation has so far focused on the field of sharia banking or other sharia entities. However, in the non-banking sector and other financial institutions including capital markets and companies, research on ISR disclosure is still minimal, so there is still little information about the ISR concept, especially in Indonesia. Meanwhile, many sharia indices are listed on the IDX(Kalbuana, Sutadipraja, Purwanti, & Santoso, 2019). ISR disclosure still focuses on the sharia banking sector, while for non-banking financial institutions and other financial institutions not much research has been done on ISR.

Jakarta Islamic Indexor JII is a product of the Islamic capital market in Indonesia. The JII sharia stock index in Indonesia was first introduced on July 3, 2000 on the Indonesian capital market. JII constituents have 30 of the most liquid Islamic stocks and are listed on the IDX. Similar to ISSI, JII sharia stocks conduct a review twice a year, namely in MAY and November, concurrently with the DES review schedule by the OJK to become a constituent sharia stock in JII.

In this research, researchers will focus on disclosing social responsibility in corporate entities listed on the Jakarta Islamic Index (JII). Companies listed (registered) on JII are essentially recognized as corporate entities that carry out all operational activities using Islamic principles (syariah). JII is also the embodiment of a company stock index that meets the investment section of the capital market with Islamic system principles. So that it can make significant developments in Indonesia. Therefore, corporate entities in JII must have good financial conditions(Pritama, 2021)

Therefore, the factors that can influence the increase in Islamic Social Reporting (ISR) disclosure in a company are very important to know. In the process of disclosing ISR by a company, the resources owned by the company have an important role, because they have an influence on the company's financial performance. The company's financial performance can be seen from the level of liquidity ratios, profitability and leverage. Financial performance can be an indicator that can influence ISR disclosure(Asmara & Almunawar, 2017).

Company size is a factor that can influence ISR disclosure. Putri & Karina (2014) revealed, Company size is often used in testing the level of Islamic Social Reporting disclosure. Company size is determined by the number of resources owned by the company, a large company is a company with a lot of resources, while on the contrary a small company is a company with less resource potential(M Yusuf & Nurul Shayida, 2020).Companies with larger sizes have far more resources, facilities and financing than relatively small companies, so companies must be able to choose and identify these activities so that they do not cause impacts or losses, and can provide welfare for the surrounding community. Therefore, there is also more disclosure of social responsibility(Kariza, 2015). If a company has a large number of total assets, then management will have more freedom in managing the company's assets (Dewi and Wirajaya 2013) in(Umiyati, 2018). Miftahul Hasan and Mohamad Rafki Nizar (2021) revealed that in their research company size has a positive and significant effect on ISR disclosure, and Aniar Indah Maulida (2021) company size has a positive and significant effect on ISR disclosure.

Meanwhile, Fatma Eka and Nani Septiana said that company size had no effect on ISR disclosure.

Liquidity is the next factor that can affect the disclosure of Islamic Social Reporting. Liquidity is the company's ability to cover short-term obligations or debt. According to Kamil (2012) liquidity can show the company's ability to pay short-term obligations or debt at maturity using available current assets.(Mega Arthika Dewi & Caesar Marga Putri, 2018).Companies with a high level of liquidity show the company's ability to cover short-term liabilities better, so that it can have a wider influence on social responsibility disclosure. The higher the level of liquidity ratio, the more guaranteed the company's debt to creditors is. From a health perspective, the higher the level of liquidity ratio, the wider the level of social information disclosure. So that the level of liquidity of a company is able to show the company's ability to channel social responsibility.Maulida and Adiwijaya (2021)revealed that liquidity has a positive and significant effect on ISR disclosure. TemporaryMega Arthika Dewi and Caesar Marga Putri (2018)disclosing Liquidity has no effect on ISR disclosure.

The third factor that can influence the disclosure of Islamic Social Reporting is Profitability. The relationship between Profitability and ISR is supported through stakeholder theory. Stakeholder theory reveals that the company does not only run for the personal interests of the company itself, but the company has an obligation to provide benefits to the company's stakeholders. In maintaining relations with stakeholders, companies disclose information on their social activities as one of the strategies. High profits in the company can attract more investors, so the company will try to provide better information to potential investors by disclosing its social responsibility.(Suhendro & Wijayanti, 2018).Hassan and Nazar (2021)Profitability has a positive and significant influence on the disclosure of Islamic Social Reporting.

The fourth factor that can influence the disclosure of Islamic Social Reporting is Leverage. The Leverage Ratio is a ratio to measure the extent to which company assets are financed with debt(Kashmere, 2019). Leverage affects the disclosure of corporate social responsibility, when the level of leverage is high, companies tend to carry out social responsibility to let them know that companies are able to pay their obligations.Maulida and Adiwijaya (2021)in his research, it was revealed that Leverage had a significant negative effect on ISR. Meanwhile,Muhammad Yusuf and Nurul Shayida (2020)revealed that Leverage had a positive but not significant effect.

This study focused on financial performance variables, because in social reporting disclosures, the parameters of social responsibility disclosure can be seen through the company's financial performance(Asmara & Almunawar, 2017). Financial performance parameters for assessing a company's financial condition are measured using liquidity, profitability and leverage. So the researcher chose these variables and added the company size variable, because company size is known through the number of assets of the company. The topic of ISR disclosure was chosen because this research theme is still rarely researched. Researchers also chose companies listed on the Jakarta Islamic Index (JII) because previous research discussed a lot about sharia banks, while there are still many companies other than sharia banks. Selection of the Jakarta Islamic Index (JII) as a research object. The aim of this research is to examine the influence of company size, liquidity, profitability and leverage on the disclosure of Islamic social reports.

Literature Review

Sharia Enterprise Theory (SET)

Sharia Enterprise Theoryis Enterprise Theory (ET) which was developed using Islamic values. According toTriyuwono (2017)Sharia accounting concepts and principles are more appropriate to use enterprise theory because it covers more social aspects and is oriented towards the interests of stakeholders.Triyuwono (2017)reveals sharia accounting not only as a form of management accountability towards company owners (stockholders), but also as accountability to stakeholders and God. Sharia Enterprise theory contains the values of justice, truth, honesty, trust, and responsibility, the main form of accountability to Allah SWT.

Triyuwono (2017)mentioning the concept of Enterprise Theory (ET) recognizing responsibility not only to company owners but to a wider group of Stakeholders. The Sharia Enterprise Theory (SET) in this study implies that Allah SWT is the highest Stakeholder, as the core of the return of all living things in the world. Sharia Enterprise Theory (SET) is a theory stating that Allah SWT is the center of everything. God made humans as His representatives, so that humans have consequences and obligations to obey God's law.

Islamic Social Reporting

Islamic Social Reporting(ISR) is social responsibility reporting which contains standard social, environmental and community performance reports by companies in accordance with sharia principles and principles as a basis for disclosure by prioritizing social justice. ISR is an extension of social reporting that includes not only the management board's expectations regarding society's views on the role of feelings in the economy but also the fulfillment of a spiritual perspective for Muslim report users.(Harahap, Harmain, Siregar, & Maharani, 2017).

Company Size

Company size is described as the size of the company, company size can be seen from the number of assets the company owns. The greater the number of assets, the larger the company size(Afendi, 2018). Company size is the level of identification of the size of the company which can be measured using total assets. Companies with large assets and assets will carry out more operational activities, so that they can cause more impacts on society, society and the environment. Companies will be more involved in social disclosure in the company's annual report, because companies need an efficient tool to communicate corporate social information, namely using the Annual Report. The larger the size of the company, the more information disclosed, and the parties involved will also increase to oversee the company either directly or indirectly.(Suhendro & Wijayanti, 2018)

Liquidity

According to Fred Weston, liquidity (Liquidity Ratio) is a ratio that shows the company's capability in fulfilling short-term debts (obligations). This means that when the company's debts (liabilities) are collected, the company can fulfill the debts when they are due. James O. Gill is of the opinion that the amount of cash and the amount of investment when converted (converted) into cash is able to cover expenses, liabilities and bills that will and have matured is called the liquidity ratio(Prihadi, 2019). Liquidity shows the extent to which the company's ability to utilize available current assets to pay short-term debt (liabilities).(Mega Arthika Dewi & Caesar Marga Putri, 2018). Liquidity acts as a measure of a company's ability to fulfill short-term debts (obligations) when they fall due to parties outside and within the company.

Profitability

Profitability is a group of ratios that shows the combination of the influence of liquidity, asset management, and debt on operating results. Profitability ratios are ratios that function to measure a company's capability to gain profits, as well as measure the efficiency and effectiveness of company management, determined from profits obtained through sales and investment income.(Afendi, 2018).

Leverage

Leverage ratiosor the solvency ratio is the ratio to measure a company's ability to obtain assets or company assets financed using a debt loan. Leverage is used in calculating the amount of assets sourced from creditors. In a broad sense it is stated that the leverage or solvency ratio can assess a company's ability to pay all obligations, both short term and long term if the company is liquidated(Prihadi, 2019).

Hypothesis development

Effect of Company Size on Disclosure of Islamic Social Reporting.

Company size is a form of description as the size of the company which can be measured using total assets.Hassan and Nazar (2021)in his research found that company size has a significant positive influence on Islamic Social Reporting. Then the larger the size of the company will be extensive in ISR disclosure, so that investors will get more information about ISR for investment decisions and the company will increase.Rizfani and Lubis (2018)revealed that there is an influence between the variable company size and the disclosure of Islamic Social Reporting. Company size can affect social and economic levels of the environment, so that it becomes a spotlight for stakeholders

Islamic Social Reporting can be influenced by the size of the company, this is evidenced byMega Arthika Dewi and Caesar Marga Putri (2018)Company size has a positive influence on ISR disclosure, so companies with large assets will have more activities so that external parties will put pressure on reporting social responsibility.

Companies with a greater number of assets will increase Islamic Social Reporting reporting, this relationship indicates the influence of company size on ISR. This is in accordance with stakeholder theory, companies will disclose Islamic Social Reporting to gain the trust of stakeholders. The larger the company, the higher the ISR disclosure. This can be a reference for stakeholders in making investments and making decisions, especially Muslim stakeholders.

H1: Company size has a significant effect on the disclosure of Islamic Social Reporting.

The Effect of Liquidity on Disclosure of Islamic Social Reporting.

Liquidity is referred to as the company's ability to pay obligations that have come due, to external and internal parties of the company(Prihadi, 2019).Affandi and Nursita (2019)There is a significant influence between liquidity and Islamic Social Reporting disclosure, the higher the liquidity ratio, the higher the ISR disclosure in a company.

Temporary revealed the same thing, liquidity has a significant influence on ISR disclosure. One of the factors for assessing and evaluating a company can be seen from the liquidity ratio, parties who have an interest will tend to assess the liquidity ratio, especially creditors and investors in investing capital.

Companies will try to improve their financial performance to get attention from the public, this is in accordance with the theory of legitimacy to get public attention. In an effort to improve the company's financial performance, the company will increase the liquidity ratio. This will also increase the disclosure of social responsibility, so that the higher the liquidity ratio, the wider the disclosure of Islamic Social Reporting.

H2: Liquidity has a significant effect on the disclosure of Islamic Social Reporting

The Influence of Profitability on Islamic Social Reporting Disclosure

Profitability ratios of profitability ratios are financial ratios to measure a company's capacity to achieve profits. This ratio is used to determine the level of company management efficiency from profits obtained through sales activities and investment income(Prihadi, 2019).Hassan and Nazar (2021)in research results that profitability affects the disclosure of Islamic Social Reporting significantly.Mega Arthika Dewi and Caesar Marga Putri (2018)states that profitability affects the disclosure of Islamic Social Reporting. Companies with a high level of profitability will attract investors to invest, so the company will increase better information as a form of transparency to stakeholders and potential investors with its social responsibility. The higher the company's profitability ratio, the more profits the company generates so that the disclosures made will be wider as well.

H3: Profitability has a significant effect on the disclosure of Islamic Social Reporting

The Effect of Leverage on Disclosure of Islamic Social Reporting

Leverage ratios also called the solvency ratio is the ratio used to calculate the company's assets financed using debt. Research conducted Kalbuana et al.

(2019)regarding the factors that influence the disclosure of Islamic Social Reporting, states that leverage has a positive and significant influence on ISR disclosure. Leverage affects the disclosure of corporate social responsibility, when companies have a high level of leverage, companies tend to disclose social responsibility to notify that companies are able to pay their obligations. This is supported by the legitimacy theory that companies will carry out social responsibilities so that they can be accepted by society. So the higher the leverage ratio, the wider the disclosure of social responsibility will be.

H4: Leverage has a significant effect on Islamic Social Reporting disclosure.

Methods

This type of research uses field research with a quantitative approach. The data source used is secondary data. Secondary data is research data obtained by researchers through existing and processed data sources. This research uses secondary data from the company's Annual Report, which is listed in the Jakarta Islamic Index for the 2017-2021 period through the respective official pages. -respective companies and the Indonesian stock exchange.This research uses a path analysis model or what is known as path analysis. Before carrying out the multiple linear regression analysis test, the classical assumptions are tested first, which include:normality test, multicollinearity test, autocorrelation test, heteroscedasticity test.

Results and Discussion

The Influence of Company Size on Islamic Social Reporting (ISR) Disclosure

The results of the hypothesis test on the firm size variable show a significance value of 0.951 so that it is greater than the significance level (0.05), while the t count is 0.061 and is smaller than t table (2.01410), and the regression coefficient value is positive (0.001) . This means that the company size variable cannot influence the Islamic social reporting variable so that the first hypothesis (H1) is rejected.

Table 1. Classic assumption test

Multicollinearity Test	tolerance	VIF
Size	0.958	1,044
Liquidity	0.926	1,080
Profitability	0.927	1,079
leverage	0.954	1,048
Heteroscedasticity Test (Glejser test)	Sig t-test	
Size	0.108	
Liquidity	0.951	
Profitability	0.463	
leverage	0.777	
Auto correlation test (Run test)	1,809	
Normality residual test		
Kolmogorov-Smirnov test	0.200	

These results are in accordance with research FE Widiyanti and Septiana (2021)which reveals that company size has no significant effect on ISR disclosure. This research shows that companies registered with JII which are large in size and have large total assets do not necessarily express extensive Islamic-based social responsibility compared to companies in JII which are small, but it does not rule out the possibility that those with a smaller size are better able to express responsibility. corporate social. On the other hand, companies consider social responsibility disclosure activities to be a long-term strategy that can have a positive effect on the company itself, thus the size of the company does not affect the disclosure of Islamic Social Reporting to gain legitimacy and receive positive value from the community and stakeholders (Sulistyawati & Indah, 2017). Company size does not have a significant effect on ISR disclosure in companies registered with JII in 2017-2021, because the company's total assets only reflect the amount of assets the company owns. Companies included in the Jakarta Islamic Index comply with government regulations regarding the obligation to disclose corporate social responsibility, namely Law No. 40 of 2007. So the company will disclose the ISR regardless of the total assets owned with the aim of complying with regulations.

Table 2. Multiple Linear Regression

Hypothesis Test	coefficients	t value	sig
Constant	0.426	1,565	0.125
Size	0.001	0.061	0.951
Liquidity	0.045	2,559	0.014
Profitability	0.234	1,449	0.154
leverage	-0.032	-0.460	0.648
R square	0.162		
Adjusted R square	0.088		
F statisticsc	18,073		
Sig F statistic	0.000		

The Influence of Liquidity on Islamic Social Reporting (ISR) Disclosure

The results of the hypothesis test on the liquidity variable show a significance value of 0.014, so it is smaller than the significance level (0.05), while the calculated t value is 2.559 and greater than the t table (2.01410), and the regression coefficient value is positive (0.045). This means that the liquidity variable can affect the Islamic social reporting variable so that the second hypothesis (H2) is accepted.

The results of this study support research Affandi and Nursita (2019)which states that liquidity has a significant positive effect on the disclosure of Islamic Social Reporting. Research conducted by Futin (2021) Mais and Alawiyah (2020) revealed the same thing that liquidity influences ISR disclosure. Liquidity is a financial ratio that measures or shows a company's ability to fulfill its maturing obligations, both obligations to external and internal parties. The higher the level of liquidity, the more secure the company's debt to creditors is. Companies try to improve financial performance to get attention from stakeholders and society to gain legitimacy or trust from society, in accordance with legitimacy theory. Financial performance is shown by the strength of a company's liquidity ratio. In terms of health, the higher or stronger the level of liquidity, the more extensive the company's corporate social responsibility information reports will be.

The Influence of Profitability on Islamic Social Reporting (ISR) Disclosure

The results of the hypothesis test on the profitability variable show a significance value of 0.154 so that it is greater than the significance level (0.05), while the t count is 1.449 and is smaller than t table (2.01410), and the regression coefficient value is positive (0.235). This means that the profitability variable cannot influence the Islamic social reporting variable so that the third hypothesis (H3) is rejected.

The results of this study support research Herawati et al. (2019)which reveals Profitability has no effect on ISR disclosure.FE Widiyanti and Septiana (2021)revealed that profitability does not have a significant effect on ISR disclosure. Profitability does not have a significant effect on ISR disclosure indicating the size of the profitability ratio level has no impact on the company's ISR disclosure. This is because a company with a high level of profitability does not necessarily carry out a lot of social activities because the company is only profit oriented. The company has the assumption that when the financial condition experiences a profit or loss the company will continue to carry out social activities, report and disclose ISR to gain legitimacy from stakeholders. This is in accordance with the Shariah Enterprise Theory that disclosing corporate social responsibility is a form of corporate accountability to Allah to gain ridho (legitimacy) from God as the main goal. This shows that if the company will disclose Islamic Social Reporting (ISR) it will not consider whether the company is experiencing profit or loss.

The Influence of Leverage on Islamic Social Reporting (ISR) Disclosure

The results of the hypothesis test on the leverage variable show a significance value of 0.648, so it is greater than the significance level (0.05), while the calculated t value is -0.460 and smaller than the t table (2.01410), and the regression coefficient value is negative (-0.032) . This means that the leverage variable cannot affect the Islamic social reporting variable (Y) so that the hypothesis (H4) is rejected.

This is in accordance with research conducted by Sustainable (2016)states that leverage has no effect on ISR disclosure. The leverage ratio is a ratio used to measure the extent to which a company's assets are financed with debt. The higher the level of leverage in the company, the company will tend to be lower in its social reporting and ISR disclosure, this is because the company has a lot of debt, so it is not concerned with social responsibility and focuses more on paying off its obligations. Companies with high levels of leverage as measured by the Debt to Assets Ratio (DAR) will tend to reduce their disclosure of social responsibility to avoid creditor scrutiny.

Conclusion

The variable size of the company has no significant effect on the disclosure of Islamic Social Reporting (ISR), meaning that the size of the company does not affect the disclosure of ISR, companies will disclose social responsibility in accordance with the Company Law No. 40 of 2007, regardless of the size of the company. The liquidity variable has a significant effect on the disclosure of Islamic Social Reporting (ISR), meaning that the higher the liquidity ratio, the wider the ISR disclosure, because from a health point of view, the stronger the liquidity ratio, the more secure short-term liabilities will be, thus showing the company's ability to disclose Islamic Social Reporting. The Profitability variable has no significant effect on the disclosure of Islamic Social Reporting (ISR), meaning that the size of the company's profitability level does not have an impact on ISR disclosure because the company is only profit-oriented. The company assumes that it will continue to carry out ISR disclosure and reporting in order to gain legitimacy from stakeholders. The Leverage variable does not have a significant effect on Islamic Social Reporting (ISR) disclosure. This means that the high or low level of leverage has no effect on disclosure of ISR, companies with high levels of leverage will focus more on paying off their obligations, so they do not attach importance to disclosure of their social responsibility. The company assumes that it continues to carry out ISR disclosure and reporting in order to gain legitimacy from stakeholders. Leverage variable has no significant effect on the disclosure of Islamic Social Reporting (ISR). This means that high or low levels of leverage have no effect on ISR disclosure, companies with high levels of leverage will focus more on paying off their obligations, so they will not prioritize disclosing their social responsibilities. The company assumes that it continues to carry out ISR disclosure and reporting in order to gain legitimacy from stakeholders. Leverage variable has no significant effect on the disclosure of Islamic Social Reporting (ISR). This means that high or low levels of leverage have no effect on ISR disclosure, companies with high levels of leverage will focus more on paying off their obligations, so they will not prioritize disclosing their social responsibilities.

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