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CONFERENCE PROCEEDING

SUB THEMES

1. CORPORATE GOVERNANCE
2. ISLAMIC BANKING AND CAPITAL MARKET
3. MONEY PAYMENT SYSTEM & FINANCIAL INNOVATION
4. TAKAFUL & RISK MANAGEMENT
5. ISLAMIC SOCIAL FINANCE
6. ARABIC PAPERS

ISLAMIC SOCIAL FINANCE

Sub Theme	Islamic Social Finance			
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3	6th AICIF: 069-058	Strengthening Islamic Finance in South East Asia Through Innovation: Islamic Fintech in Brunei Darussalam	Abdurrahman Raden Aji Haqqi	Universiti Islam Sultan Sharif Ali (UNISSA), Brunei Darussalam
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An Analysis of Factors Affecting Islamic Social Reporting
(Empirical Study on Jakarta Islamic Index (JII) in Indonesia on 2014-2016)

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Abstract

Social responsibility disclosure is measured by an index of global reporting initiatives limited to aspects of course material, while the disclosure of Islamic social responsibility is not limited to material aspects, but to the spiritual and moral aspects of social reporting with the Islamic Index. The limitations of conventional social responsibility disclosure encourage this research to find out what factors influence the disclosure of social reporting in the Jakarta Islamic Index (JII) in Indonesia.

This research involves Islamic banks in Indonesia in 2014-2016. The research method used is an analysis of content derived from annual reports or websites of Indonesian stock exchange companies in 2014-2016. The software used in this study is SPSS 20.0 using multiple linear regression analysis methods.

The variable used in this study is the size of the board of commissioners as measured by the number of members of the board of commissioners, the size of the company as measured by total assets, profitability measured by return on assets and Islamic Social Reporting as the dependent variable.

Keywords: Islamic social reporting, Firm size, board of Commissioners size, and Profitability.

1. Introduction

Single Bottom Line (SBL) is one aspect of the company's value which is not a concept of the company at this time, but now the company has used the Tripple Butt Line (TBL) concept which is not only based on financial aspects but also social life and the environment. The Single Bottom Line (SBL) concept only focuses on optimizing profits on companies without paying attention to other aspects. Financial conditions alone do not guarantee the existence of corporate value but must also be supported by social and environmental aspects reflected by the social responsibility that we are more familiar with CSR (Corporate Social Responsibility). CSR practices have become a global trend along with increasing global public awareness of products environmentally friendly.

A CSR (Corporate Social Responsibility) phenomenon is a hot topic in the last few decades and has been widely used in developed and developing countries. Profit is not the only factor in the sustainability of the company but also depends on service to employees and people outside the company.

Schernerhorn (2004) reveals CSR is a concern of business organizations in acting in their own ways in serving the interests of the organization from external public interests in other words that companies integrate social care in their business operations and in their interactions with stakeholders based on voluntary principles and partnership. The development of social responsibility practices has experienced growth both in quantity and quality in Indonesia. This is seen by the increasing number of business units reporting CSR practices in annual financial reports and other press releases (Fitria and Hartanti, 2010). The development of CSR practices and disclosures in Indonesia itself is regulated by Law Number 40 of 2007 Article 74 concerning Limited Liability Companies which states that the company's obligation to use natural resources for its business must carry out social and environmental responsibilities.

In addition, Law No. 25 of 2007 concerning Investment where each investor has an obligation to carry out social responsibility if not subject to sanctions. In the Qur'an, it has also been explained in Surah Al-Baqarah verse 177 which explains that believers and devotees are people who love orphans, poor people and clear those who are in a tight position. In this case, it is reflected in the company's social responsibility towards the social sphere of society.

Corporate Social Reporting is not only found in conventional economics but also develops in Islamic economics with one of its measuring tools. This is evidenced by the increasing number of companies that apply sharia principles in the company's operational activities with the aim that the company is able to be responsible for its environment in accordance with Islamic law. The concept of CSR in Islam is measured using the ISR index. This emphasizes the devotion of servant to Allah SWT in the business dimension. In accordance with the sharia, it is known as the concept of *Khilafah*.

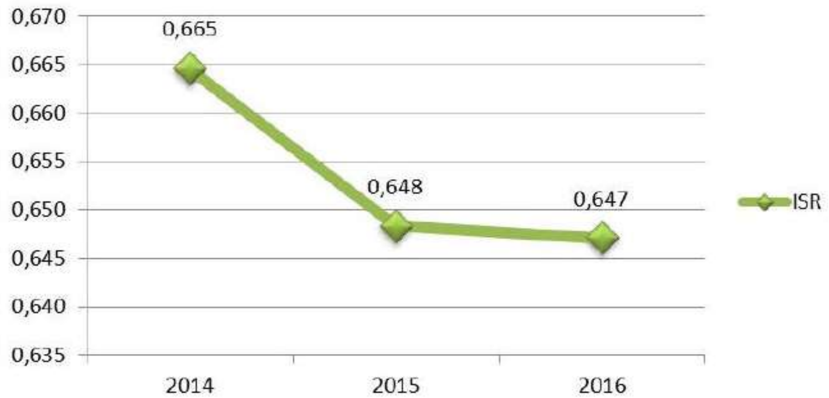


Figure 1.1 Average ISR Value for Companies Registered in JII on the 2014-2016

Figure 1.1 shows the ISR growth of companies listed on the JII 2014-2016 period. From this figure, it can be seen that the development of ISR in Islamic banking year by year has decreased. The development of ISR (Islamic Social Reporting) has an effect on increasing public attention to sharia institutions or institutions. In Indonesia, the development of the ISR index is still very slow compared to other Islamic countries. One of the sharia capital markets in Indonesia today is the Jakarta Islamic Index (JII). Shares that enter it have passed the selection by the Indonesia Stock Exchange (IDX) and the JII is consistent with the 30 most liquid sharia stocks and have a large capitalization. IDX reviews the adjusted JII shares for every 6 months issuance of Sharia Securities List (DES) by *Otoritas Jaksa Keuangan (OJK).* Islamic capital markets play an important role in increasing the share of Islamic securities to companies that want to join the sharia capital market. Othman dan Thani (2010) suggested that the growth of the sharia capital market is relatively very fast resulting in several companies included in the Jakarta Islamic Index (JII) are expected to be able to present sharia annual report disclosures. Therefore, a foundation is needed to see how far the companies listed in JII in making a social responsibility report is able to present it with Islamic aspects.

International Regulatory Institutions such as AAOIFI (Accounting and Auditing of Islamic Financial Institution) make standards in disclosing social responsibility to companies. The Islamic Social Reporting Index (ISR) is a benchmark for the implementation of Islamic business performance which contains a compilation of CSR standard items set by AAOIFI. Then the items were further developed by several researchers such as Haniffa (2002), Othman (2009) and Setiawan (2016). ISR index is able to become a foothold in CSR disclosure standards that are in line with Islamic perspectives (Maulida, 2014).

There are several factors that influence ISR disclosure. They are company size, profitability level, earnings management practices and board of commissioners. Large companies have more and more complex activities, consequently have an impact on society, more shareholders, and get attention from the public. Therefore, large companies get more pressure to express their social responsibility (Widiawati et al. 2012). Speaking with that, a company that has large assets will be more considered by the community so that the company will be more careful in carrying out financial reporting or getting smaller in terms of its profit management.

Companies that have strong financial conditions (profitability) will also get more pressure from external parties of the company to express their social responsibility broadly and must be more active in implementing CSR (Wulandari, 2015). Related to earnings management, profitability will affect the performance of managers in earnings management where when the company's profitability is low, the manager will do earnings management to save its performance in the eyes of the company owner. The size of the board of directors can increase CSR disclosure because the board of commissioners is considered as the highest internal controller who has the highest responsibility in supervising company management (Rahayu, 2014). Management is considered to have a good performance if they receive large compensation such with profit management (Mestuti et al, 2011). The larger the size of the board of directors will complicate their work roles in terms of supervising and controlling management actions so that it will make the opportunity to make earnings management in a company even greater.

Company size is a variable that is widely used to explain the relationship between research variables regarding variations in disclosures in the analysis of the company's annual report. According to Cowen et al. (1987) in Kurnianingsih (2013) scale of company size can broadly influence the disclosure of information in their financial statements. The larger the size of the company has the opportunity to attract investors into the company. Based on previous research conducted by Setiawan et al (2016), the size of the company had a significant positive influence on ISR disclosure in Islamic banks in Indonesia. This study explains that Islamic businesses that have high total assets carry out and disclose ISR more comprehensively than Islamic banks that have low total assets. In contrast to the results of research conducted by Kurnianingsih (2013) which states that the size of the company proxied from ROA and ln of total assets does not have a significant effect on CSR disclosure in the company. ISR (Islamic Social Reporting) on sharia companies in Indonesia. This has led to a research gap that requires further research.

Profitability is the company's ability to generate profits with the aim of increasing shareholder value. According to Watts and Zimmerman (1986) in Rahayu (2014) companies that have high-profit levels tend to intervene in policies. Thus, the company was motivated to disclose more detailed and detailed information in order to reduce political costs and show financial performance to the public. Research conducted by Rosiana et al. (2015) stated that there was no influence between profitability as measured by Return on Assets on ISR disclosure. This is because in the Islamic view, the company will not consider whether the company is profitable or loss if it has the intention to do full disclosure. So that in this study the disclosure of Islamic social reporting is not affected by the profit or loss of a company. Different abilities are shown by Taufik et al. (2014) who examined the effect of ISR, leverage, and profitability on the ISR index on Islamic banks in Indonesia. They stated that Profitability proxied by Return on Assets (ROA) had a positive effect on Islamic Social Reporting (ISR) on Islamic Commercial Banks in Indonesia.

Research about the factors that influence the disclosure of social responsibility in Indonesia raises diverse and interesting results to be studied more deeply. This study replicates or adds new variables to the previous research conducted by Setiawan et al (2016) which adds one variable, namely the size of the board of commissioners. The board of commissioners is a non-financial factor in this study. Board of Commissioners has an important role in the company to provide reliable financial reports. Therefore, it has an important role in corporate finance which affects the accountability of the company in addition to other financial factors.

The existence of previous studies that examined the influence of board size, profitability and firm size on earnings management, each of which was examined by Nasution (2007), Gunawan (2015), and Astuti (2017) and the influence of board size, profitability, firm size and management profit on ISR, each of which was examined by Sembiring (2015), Dhiyaul-Haq (2016), Setiawan (2016) and Sari (2014) provide motivation in this study in examining whether there is an indirect influence of earnings management on the independent variable on the dependent variable . This study uses ISR as an index of disclosure of its social responsibility. The object of this study is the companies listed in the Jakarta Islamic Index (JII). Variables in the size of the company's board of commissioners are still rare and rarely carried out in studies of their influence on the ISR in Indonesia. So it is necessary to do further research on the influence of the size of the board of commissioners which ensures a company will broadly disclose Islamic Social Reporting or not. Therefore, the researcher will analyze the factors that influence the companies listed in the Jakarta Islamic Index in Indonesia in revealing Islamic Social Reporting with the research title "An Analysis of Factors Affecting Islamic Social Reporting (Empirical Studies on Jakarta Islamic Index (JII) in Indonesia on 2014-2016)."

The issue of CSR is now an interesting topic in the last few decades because CSR is the core of the company's business ethics. The main idea is that companies not only apply the single-button-line (SBL) concept but rather the triple-button line (TBL) which covers aspects of financial, social as well as environmental. CSR in the Islamic concept requires companies to be able to report their social responsibility not only on the worldly sphere but more importantly on Allah SWT. Therefore, companies are expected to be able to disclose social responsibility reporting (ISR) with the standards set by AAOIFI and various disclosures index compilations by further researchers.

Islamic Social Reporting Disclosure (ISRD) in this study is influenced by Profitability (Rosiana et al, 2015; Santoso, 2016; Widiawati, 2012), Company Size (Setiawan et al, 2016; Anggraini et al, 2015; Kurnianingsih, 2013), Profit Management Practices (Santoso , 2016; Mestuti et al, 2011) and the Size of the Board of Commissioners (Anggraini et al, 2015; Rahayu, 2014).

1.1 Research Questions

There are the differences in the results of the research on social responsibility disclosures causes the company to be considered less transparent to report ISR disclosures. Thus, the researchers want to examine further what factors influence the Islamic Social Reporting (ISR) companies listed in the Jakarta Islamic Index (JII) in the 2014-2016. Based on the background described above, the following problems can be formulated:

1. Does the size of the board of directors influence the ISR?
2. Does profitability affect the ISR?
3. Does the size of the company affect the ISR?

1.2 Research Purposes

Based on the research questions that have been described above, this research has some purposes. They are:

1. To determine the effect of the size of the board of commissioners on the ISR.
2. To determine the effect of profitability on ISR.
3. To determine the effect of company size on ISR.

2. Literature Review

2.1 Islamic Social Reporting (ISR)

ISR index is a disclosure item that is used as an indicator in reporting the social performance of sharia business institutions. ISR index for Islamic entities discloses matters relating to Islamic principles such as transactions that are free from the elements of *riba* (usury), speculation and gharar, the disclosure of zakat, the status of sharia compliance and social aspects such as alms, *waqf*, *qardul hasan*, and worship disclosure in the environment company.

Haniffa (2002) made five themes for disclosure of the ISR index, namely the Theme of Funding and Investment, Theme of Products and Services, Employee Themes, Community Themes and Environmental Themes. Then, it is developed by Othman et al (2009) by adding a theme of disclosure, namely the theme of Corporate Governance. Each theme of disclosure has a sub-theme as an indicator of the disclosure. Here are six themes of disclosure in the ISR index.

1. Funding and Investment
2. Products and Services
3. Employees
4. Society
5. Environment
6. Corporate Governance

ISR is now as necessity in the world of Islamic business in terms of measuring corporate social responsibility based on Islamic law. This index is not only people's expectation of the company's role in the environment but more than that in a spiritual perspective as a responsibility to Allah SWT. ISR emphasizes social justice, accountability, and ownership.

2.2 The Board of Commissioners Size

The board of commissioners is the core of Corporate Governance which plays an important role in a company. The task of the board of commissioners is to oversee the implementation of a company's strategy in managing the company also requires the implementation of corporate accountability. The size of the board of commissioners in this study is consistent with the research conducted by Sembiring (2005), namely the total number of commissioners in the company. The legal basis of the board of directors is stated in article 108 paragraph 5 of Law No.40 of 2007 which explains Limited Liability Companies where their business activities are related to collecting and/or managing public funds, the company that issues debt securities to the public or a public company must have at least 2 (two) members of the board of commissioners. Other related regulations namely BI regulation No.8 / 4 / PBI / 2006 in article 4 paragraph 1 which regulates the number of the Board of Commissioners of at least 3 (three) people and at most equal to the number of directors.

2.3 Company Size

Company Size is a scale which can be classified as the size of a company in various ways. They are the total assets, the amount of labor, log size, stock market value and others.

Various studies related to corporate social responsibility disclosure show the diversity of results. Siring and Nofandrilla found a significant influence of firm size on the disclosure of corporate social responsibility. However, this is not in line with the results of research conducted by Anggraini and Roberts which states that firm size does not affect the disclosure of corporate social responsibility.

The results of the regression analysis successfully supported the first alternative hypothesis at a significance level of 5% and the second alternative hypothesis at a significance level of 10%. While the third, fourth, and fifth alternative hypotheses were not supported in previous studies findings.

According to Sembiring and Sembiring 2008), large companies that do more activities that have a greater impact on the community, are likely to have more shareholders who may be associated with the company's social program and the annual financial statements will be used as an effective tool to disseminate this information.

It also supports Nofandrilla's research but does not support Anggraini and Roberts's research. In this study, the size of the company is proxied by total assets in the company. This can be interpreted that the larger a company, the broader the disclosure of social responsibility made by the company.

2.4 Profitability

Profitability or Rentability is to demonstrate the company's ability to generate profits during a certain period. The profitability of a company is measured by the company's success and the ability to use its assets productively, thus the profitability of a company can be known by comparing the profits earned in a period with the number of assets or the amount of capital of the company.

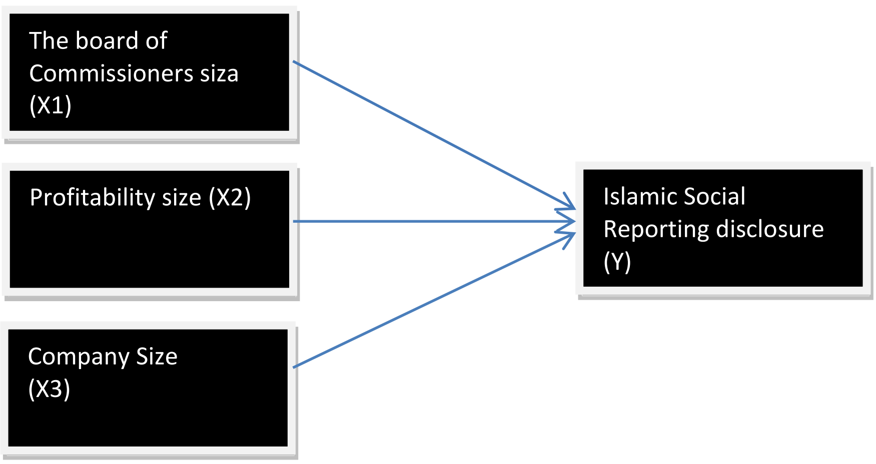
Profitability ratio or Rentability is the ratios that can be used to assess the company's ability to make a profit.

Ratios that can be used to assess rentability include:

a) Profit margin: in relation to the profit margin and sales.
b) Return on investment is the ratio between operating income and total assets (%). This ratio shows the productivity of all company funds (foreign capital and own capital). The higher the ratio will be better.
c) Return on equity is the ratio between net income after tax and equity
   This ratio shows the productivity of the company's owner's funds within his own company. This ratio also shows the profitability and efficiency of own capital. The higher ratio will make better because the capital position of the company owner will be stronger, or the profitability of its own capital will be better.
d) Earnings of every share, namely the ratio between earnings and outstanding shares.
   This ratio will give shareholders an idea of the benefits to be gained. (If the bank will plant, it is in the form of shares).

By conducting a ratio analysis will be known as the company's financial position, especially if the ratio of several years, it will be known the development or tendency of the company's financial position.

2.5 Research Framework



Hypothesis

H1: Profitability has a significant positive effect on disclosure of Islamic Social Reporting (ISR)
H2: The size of the board of commissioners has a significant negative effect on the Islamic Social Reporting Index
H3: Firm size has a significant positive effect on Islamic Social Reporting (ISR) disclosure

3. Research Methodology

3.1 Research Variable, Operational Definition and Variable Measurement

3.1.1 Research Variable

This study uses two variables. They are the dependent variable, and the independent variable. According to Sudaryono (2017: 154), the dependent variable (bound) is the variable described or which is influenced by the independent variable. The dependent variable used in this study is Islamic Social Reporting (ISR). Sudaryono (2017: 154) explains that the independent variable is a variable that influences or arise the dependent variable (bound). The independent variables in this study are the Board of Commissioners size, profitability, and company size.

3.1.2 Operational Definition Variable

Operational definition is interpreted as a clue that explains to researchers about how to measure a variable concretely. Operational definition is indispensable for each variable that is used as an effort to limit the problems examined.

3.1.3 Dependent Variable

In this study, the dependent variable used is the level of sharia social responsibility disclosure in the annual report as measured by the score of the Islamic Social Reporting index (ISR) of each company for every year. The index value is obtained by the content analysis method in the company's annual report. The content analysis method is an analytical technique in the form of a document that aims to qualify contents according to the specified categories (indexes), in a systematic and repeatable manner. The index used in this study is the ISR index without weighting.
There are two considerations for using techniques without weighting in the index scoring. They are:

1) An annual report that is submitted to a general purpose so that the information presented cannot be seen from a particular point of view.
2) Weighting contains subjectivity because it depends on the research and argumentation of the researcher.

ISR index scoring in this study uses content analysis method without weighting. The ISR index in this study consisted of 47 disclosures consisting of six themes in accordance with Haniffa (2002) and modified in the study of Othman et al (2009). Each disclosure item has a value of 1 or 0. The point value of 1 will be given if the ISR item is contained in the company data and a value of 0 is given if the ISR item is not found in the company data. These values are then summed according to each theme and overall so that the largest final value is 47 and the smallest value is 0 for each company each year. Values according to the theme illustrate what theme is the most dominating in each company while the value calculated as the ISR index is the overall value. The following is the measurement of the ISR index after scoring on the ISR index is complete.

$$\textbf{Diclosure Level} = \frac{\textbf{The number of disclosure scores fulfilled}}{\textbf{The number of minimum scores}}$$

Source : Widiawati (2012)

The equation above has been widely used by several previous studies such as the research of Anggraini (2015) and Rama (2014) so that its reliability has been tested.

Table 3.1
ISR Assessment Index

No.	ISR Index		
1.	KEUAN GAN	Haniffa (2002), Othman *et al.* (2009)	Usury activity; containing activities *Riba* (usury) (interest expense, interest income, etc.)
2.		Haniffa (2002), Othman *et al.* (2009)	Gharar activity; containing activities gharar activity (obscurity), gambling element
3.		Haniffa (2002), Othman *et al.* (2009)	The amount of *Zakat*
4.		Haniffa (2002), Othman *et al.* (2009)	Used and accepted of *Zakat*
5.		Haniffa and Hudaib (2007), Othman *et al.* (2009)	Zakat source
6.		Haniffa and Hudaib (2007), Othman *et al.* (2009)	Policy for late payments receivables and problem customers
7.	PRODUK	Haniffa dan Hudaib (2007)	Product explanation
8.		Haniffa and Hudaib (2007), Othman *et al.* (2009)	The product complaining exist
9.		Haniffa and Hudaib (2007), Othman *et al.* (2009)	Handling and service consumer
10.		Haniffa and Hudaib (2007), Othman *et al.* (2009)	Survey of customers satisfaction
11.	DAYA MANUSIA	Haniffa (2002)	Employee salary and remuneration policy
12.		Haniffa (2002)	Religious activities for employees
13.		Haniffa (2002), Othman *et al.* (2009)	Freedom of worship of employees in Work place
14.		Haniffa (2002), Othman *et al.* (2009)	Holiday and vacation
15.		Haniffa (2002), Othman *et al.* (2009)	Employee's work time
16.		Haniffa (2002), Othman *et al.* (2009)	Education and tranting for employees
17.		Haniffa (2002), Othman *et al.* (2009)	Similar chance
18.		Haniffa dan Hudaib (2007)	the number of employees' education

19.	SUMBER	Othman *et al.* (2009)	The policies of reward and punishment
20.		Othman *et al.* (2009)	Employee's health and safety
21.		Othman *et al.* (2009)	Workplace environtment
22.		Othman *et al.* (2009)	Employees' involvement
23.		Othman *et al.* (2009)	Top-level employees carry out worship together with lower level employees
24.		Othman *et al.* (2009) Othman *et al.* (2009)	An adequate place of worship for employees the Employees for specific member
26.	SOSIAL	Haniffa (2002), Othman *et al.* (2009)	Alms
27.		Haniffa (2002), Othman *et al.* (2009)	*Waqf*
28.		Haniffa (2002), Othman *et al.* (2009)	*Qardhul hasan*
29.		Haniffa and Hudaib (2007)	Activities in Islamic Economics
30.		Haniffa and Hudaib (2007)	Participation of government social activities
31.		Haniffa and Hudaib (2007), Othman *et al.* (2009)	Charitable and social activities of the company (relief from natural disasters, blood donors, public circumcision, construction of mosques, etc.)
32.		Haniffa and Hudaib (2007), Othman *et al.* (2009)	Sponsor activities carried out by the community
33.		Othman *et al.* (2009)	*Zakat, infaq*, alms for employees
34.		Othman *et al.* (2009)	Giving scholarship school / help education
35.		Othman *et al.* (2009)	Yang generation development
36.		Othman *et al.* (2009)	Increase the social life quality
37.		Othman *et al.* (2009)	Concer to children
38.	LINGKUNGAN	Haniffa (2002)	Used of the resources
39.		Haniffa (2002), Othman *et al.* (2009)	Environtment conservation: tree planting
40.		Othman *et al.* (2009)	Education environment; go green campaign
41.		Othman *et al.* (2009)	Policy related social life
42.	PERUSAHAAN	Haniffa and Hudaib (2007), Othman *et al.* (2009)	Profile and performance of the Board of Commissioner
43.		Haniffa and Hudaib	Profile and performance of employees

		(2007), Othman *et al.* (2009)	
44.		Haniffa and Hudaib (2007), Othman *et al.* (2009)	Profile and performance of the sharia supervisory board
45.		Haniffa and Hudaib (2007), Othman *et al.* (2009)	Revenue and use of non halal funds
46.		Othman *et al.* (2009)	Share ownership structure
47.		Othman *et al.* (2009)	Application of compliance with sharia
48.		Othman *et al.* (2009)	Anti-corruption / internal audit policy
49.		Othman *et al.* (2009)	Lawsuit
50.		Othman *et al.* (2009)	Anti-money laundering and anti-policy distribution of funds for terrorism activities

Source: Dhiyaul-Haq (2016)

3.1.4 Independent Variable

The independent variables used in this study are:

1. **The Board of Commissioners Size (UDK)**

The size of the board of commissioners of this study is a proxy of the number of members of the company's board of commissioners (Sembiring, 2005). The Board of commissioners is the highest internal control mechanism that is responsible for monitoring top management and overseeing the implementation of the company's business managed by the board of directors as the best as possible. According to the research conducted by Rahayu (2014), the measurement uses a nominal scale that is counting the number of commissioners listed in the company's annual report.

UDK = ∑ the member of the Board of Commissioners of the company

2. **Profitability**

Profitability is the company's ability to make a profit. The value of the company's profitability in this study was measured by using Return on Equity which shows financial performance seen from the comparison between net profit after tax and total equity (Setiawan, 2016). As higher as ROE, the financial performance will be better, most likely the company has the ability to make greater social responsibility disclosures. Here is the formula for calculating profitability.

$$ROE = \frac{\text{Profit after Tax}}{\text{Equity}}$$

3. **Company Size**

Company size is the size of a company measured by the total assets of the company. Total assets realize the amount of ownership of assets owned by the company, which can be seen from the sum of current assets with fixed assets (Anggraeni, 2015). Total assets considered to better describe a company can be included in the category of large or small size companies. Company size is projected with the formula:

Size = Ln (Total Assets)

3.2 Population and Sample

The populations of this study were all Islamic banks in Indonesia, amounting to 11 bank units. The unit of analysis used is the Sharia Commercial Bank annual report. The period of observation in this study is 2014-2017. The selection of this year is based on the fact that the majority of sharia commercial banks in Indonesia were only established in 2010, so the available annual report is very limited, so observations are made every year that is on 2014-2017.

Determination of the sample used is purposive sampling that is only data that meets the criteria to be sampled. This criterion is a sharia commercial bank that issues annual reports for 2014-2017 which can be accessed from the websites of each bank.

4. Data Analysis Technique

The data collected in this study were processed and then analyzed with statistical tools as follows:

1) Descriptive Statistics Test

Descriptive statistics provide an overview or description of a data so that it becomes a clearer and easier to understand information, which is seen from the mean, median, mode, standard deviation, maximum value, and minimum value (Ghozali, 2007).

2) Classic Assumption Test

The classic assumption test in this study consists of:

a) Normality Test

Data normality test aims to test whether the regression model between the dependent variable and independent has normal distribution or not. This test process is carried out using the Kolmogorov Smirnov test. Data normality test can also be seen by showing the data (point) distribution on normal P standardized residual plot of regression good independent variables should not occur correlation between independent variables (Winarno, 2009).

b) Multicollinearity Test

Multicollinearity test aims to examine whether there is a correlation between independent variables in a regression model. A good regression model should not have a correlation between independent variables (Winarno, 2009).

c) Heteroscedasticity Test

Heteroscedasticity test is used to test whether in the regression method there is a variance inequality from one residual another observation

d) Autocorrelation Test

The result of the autocorrelation test aims to test whether in the linear regression model there is a correlation between different period t interfering errors and the error rate in the period t-1 (before). Detection of autocorrelation can be seen from the numbers DW (Durbin-Watson) (Ira, 2013).

3) Hypothesis Testing

a) Multiple Linear Regression Test

Multiple linear regression test of this study is to find out how the size of the independent board size, company size, and profitability affect the disclosure of the disclosure of Islamic Social Responsibility. The regression model developed to test the hypotheses in this study is formulated as follows:

$$ISR = \beta 0 + \beta 1PROF + \beta 2UP + \beta 3UDK + e$$

Note:

ISR	= Islamic Social Reporting
ß0	= Intercept
ß1 – ß3	= Regression Coefficient
PROF	= Profitability
UP	= Company Size
UDK	= the board of Commissioners Size
e	= error

b) Determination Coefficient Test (R2)

This test aims to show whether all the independent variables included in the model have a joint influence on the dependent variable. Provisions for acceptance and rejection of the hypothesis as follows:

a. If the significance value is f> 0.05, the hypothesis is accepted (the regression coefficient is not significant). This means that simultaneously the six independent variables do not have a significant effect on the dependent variable.

b. If the significance value is f 5 0.05, the hypothesis is rejected (significant regression coefficient). This means that simultaneously the six independent variables have a significant effect on the dependent variable.

c) Test of Individual Parameter Significance (t-test)

The purpose of the t-test is to compare the average of two groups that are not related to each other, whether the two groups have the same average value or not significantly same (Ghozali, 2011). The t-test is conducted to examine which of the six independent variables significantly influence the disclosure of Islamic Social Responsibility (ISR). Testing is done by using a significance level of 0.05 (α = 5%). Acceptance and rejection of hypotheses are carried out with the following criteria:

a. If the significance value is t> 0.05, the hypothesis is rejected (the regression coefficient is not significant). This means that partially independent variables do not have a significant effect on the dependent variable.

b. If the significance value is t 5 0.05, the hypothesis is accepted (significant regression coefficient). This means partially independent variables have a significant influence on the dependent variable.

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