

The Effect of Corporate Governance Mechanism, Company Size, Financial Performance, and Environmental Performance On Islamic Social Reporting Disclosure

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Abstract. *The purpose of this study was to determine the effect of the size of the board of commissioners, the independence of the board of commissioners, the audit committee, managerial ownership, institutional ownership, company size, profitability, and environmental performance on the disclosure of Islamic social reporting in companies listed on the Indonesian Sharia Stock Index. The population of this study consisted of all companies listed on the Indonesian Sharia Stock Index in the period 2014 – 2019. The total sample used in this study was 60 companies. Then, the data were tested using the multiple regression method. The results showed that the size of the board of commissioners, audit committee, firm size, profitability affect the disclosure of Islamic social reporting, while the independent variables of the board of commissioners, managerial ownership, institutional ownership, and environmental performance do not affect the disclosure of Islamic social reporting.*

Keywords : *Corporate Governance, Company Size, Financial Performance, Environmental Performance, and Islamic Social Reporting*

Introduction

Currently, many companies are using Corporate Social Responsibility (CSR), as a concept or action taken by the company as a sense of corporate responsibility towards social and environmental surroundings where the company is located. Disclosure of corporate social responsibility is an important role for companies because companies live in the community and their activities have social and environmental impacts. Marharani and Yulianto (2016) explained that the development of corporate social responsibility practices and disclosures in Indonesia also received support from the government, this can be seen from the issuance of Law Number 40 of 2007 concerning Limited Liability Companies that annual reports must contain some information, one of which is a financial report. implementation of social and environmental responsibility. Supported again by the formulation of ISO 26000: Guidance Standard on Social Responsibility, ISO 26000 is a guideline that regulates the implementation of corporate social responsibility for all types of companies.

Companies that carry out social responsibility will get benefits, one of which will get a good image from the community. The company will get some benefits by disclosing the social costs that have been incurred by the company, including showing concern for the environment and the surrounding community, transparency, a form of social responsibility, building a corporate image towards stakeholders (stakeholders), supporting the rate of return on investment, building harmony with the community. investors to make stock investments safer (Putra et al, 2020). Companies that have strong financial conditions will also get more pressure from the company's external parties to more widely disclose its social responsibility. However, some companies with large profits tend not to carry out corporate social responsibility well. This research is interesting to study considering that there are many cases of corporate social responsibility, including PT Freeport which is well-known as one of the largest companies in Indonesia, PT Freeport is a foreign company that has one of its subsidiaries located in Papua, Indonesia.

As a foreign company, PT Freeport also has a series of rights and obligations that must be carried out with the common good, but recently PT Freeport has often been the subject of discussion because of the issue of corporate social responsibility that they carry out. This case of corporate social responsibility began when PT Freeport gave improper salaries to its workers who were Indonesian citizens, PT Freeport was deemed unable to treat its workers fairly, especially in matters of salary. The concept of corporate social responsibility is now not only developing in conventional economics but also developing in Islamic economics. The concept of corporate social responsibility in Islam is closely related to companies that carry out business activities following the sharia concept which is expected to be able to carry out corporate social responsibility Islamically. Haniffa (2002) first initiated Islamic social reporting and further developed by Othman et al (2009) in Malaysia. The emergence of the concept of Islamic social reporting is due to limitations in conventional social responsibility reporting so that the conceptual framework of Islamic social reporting appears following the sharia concept. The concept of Islamic social reporting not only helps in the decision-

making process for Muslims but also helps companies in carrying out their obligations to Allah SWT and all of Allah's creation.

While the notion of Islamic social reporting is a standard for reporting the social performance of sharia-based companies, Islamic social reporting is a special framework for reporting social responsibility following Islamic principles. The purpose of Islamic social reporting itself is as a form of corporate accountability to Allah SWT and the community and also to increase the transparency of business activities by presenting relevant information by taking into account the spiritual needs of Muslim investors or sharia compliance in decision making. This Islamic social reporting is expected to make the company pay more attention to its financial reporting based on Islamic values so that the company makes its financial reporting not only fulfill obligations for its employees and the general environment but also fulfill obligations to Allah SWT. However, Islamic social reporting is still voluntary, so it has not been widely used in companies, because there are no government regulations that regulate and strengthen Islamic social reporting. And now Islamic social reporting is only widely used for sharia-based companies, not for financial or non-financial companies. In Indonesia, the level of disclosure of Islamic social reporting in Islamic companies is still low, and many Islamic companies have implemented sharia principles but not one hundred percent of the implementation of Islamic social reporting has been fulfilled. So it can be concluded that Islamic social reporting in Indonesia has not developed rapidly or has not fully worked well in Indonesia, both in financial and non-financial companies and even in Islamic companies themselves.

Research on the implementation of Islamic social reporting is currently still oriented to Islamic banking companies. Research on the implementation of Islamic social reporting is rarely carried out for non-financial companies such as the capital market, especially in Indonesia. So that the concept of Islamic social reporting is still not widely used, many factors can influence the disclosure of Islamic social reporting. One of the factors that can affect the disclosure of Islamic social reporting is the corporate governance mechanism, the corporate governance mechanism can be seen from the components in the company, including the board of commissioners, independent board of commissioners, and audit committee, managerial ownership, and institutional ownership. In this study, the authors add one variable from previous research, namely the firm size variable. By changing the location to be in the Indonesian Sharia Stock Index and with a different research period from the previous research, the results from previous research and current research will be very different. Because the author adds two components of the corporate governance mechanism, namely managerial ownership and institutional ownership. The addition of two components of the corporate governance mechanism and one independent variable will affect the disclosure of Islamic social reporting.

According to Kurniawati and Yaya (2017), the board of commissioners is an important element in the corporate governance mechanism. The existence of a board of commissioners in the company is expected to be able to encourage the creation of a good control system for company management. The more the number of commissioners in a company, the better the supervision in the company will be. With good supervision, it is hoped that the disclosure of Islamic social reporting will be wider. Meanwhile, according to Khoirudin (2013), the size of the board of commissioners is the number of members of the board of commissioners in a company. The larger the size of the board of commissioners, the better the supervision will be. With good supervision, it is hoped that the disclosure of Islamic social reporting will be wider because it can minimize information that may be hidden by management. Based on this, hypothesis 1 is formulated as follows:

H1: The size of the board of commissioners affects the disclosure of Islamic Social Reporting

According to Kurniawati and Yaya (2017) As people who do not own shares in the company, independent commissioners are expected to increase the independence of the board of commissioners towards the interests of shareholders and be able to put the company's interests above other interests. If the proportion is higher, the board of commissioners is expected to be more objective in making decisions to protect stakeholders. With more objective supervision, the management of the company will also be carried out in a good way, and in disclosing information the management will disclose it widely, including the disclosure of Islamic social reporting. Based on this, hypothesis 2 is formulated as follows:

H2: The independence of the board of commissioners affects the disclosure of Islamic Social Reporting

According to Kurniawati and Yaya (2017), an audit committee is a company tool that is responsible to the board of commissioners. The audit committee is tasked with ensuring that the company's internal control structure is carried out properly. Supervision carried out by the audit committee within the company is expected to improve the quality of internal control and the quality of company information disclosure. Meanwhile, according to Sunarto (2016), the emergence of an audit committee is associated with more reliable financial reporting, increased quality, and disclosure. The role of the audit committee has evolved over the years to meet the challenges of a changing business, social and environmental world. An important aspect in assessing the effectiveness of the audit committee can be indicated by the number of audit committees. The number of members of the audit committee must be adjusted to the complexity of the company while taking into account effectiveness in decision making. The greater the number

of members of the audit committee, it is expected that the disclosure of Islamic social reporting can increase because the role of the audit committee must be able to provide an overview of the results of the company's audit on its operations by paying attention to the sharia aspects in it. Based on this, hypothesis 3 is formulated as follows:

H3: the audit committee affects the disclosure of Islamic Social Reporting

According to Robiah and Erawati (2017), An increase in managerial ownership will make management's wealth personally, increasingly tied to the company's wealth so that management will try to reduce the risk of losing its wealth. High managerial ownership results in low dividends paid to shareholders. This is because the financing made by the management of the investment value in the future comes from internal costs. Based on this, hypothesis 4 is formulated as follows:

H4: Managerial ownership affects the disclosure of Islamic Social Reporting

Companies with large institutional ownership are better able to monitor management performance. Institutional investors have the power and experience and are responsible for implementing the principles of good corporate governance to protect the rights and interests of all shareholders so that they demand the company to communicate transparently. Thus, institutional ownership can increase the quality and quantity of voluntary disclosure, this means that institutional ownership can encourage companies to increase disclosure of social and environmental responsibilities (Ningrum et al, 2013). Based on this, hypothesis 5 is formulated as follows:

H5: Institutional ownership affects the disclosure of Islamic Social Reporting

According to Ramadhani (2016), company size is the level of identification of the size of a company. Large companies usually carry out more activities and have a large impact on their stakeholders. Larger companies tend to have a higher public demand for information than smaller companies. Disclosure of social responsibility information in an Islamic way is a way to fulfill the company's spiritual needs not only to its stakeholders but also to Allah SWT. Based on this, hypothesis 6 is formulated as follows:

H6: Profitability affects the disclosure of Islamic Social Reporting

Profitability is a company's ability to generate profits. The higher the level of profitability, it is expected that the company's ability to generate higher profits. This can affect the level of disclosure made by the company to attract investors to invest their capital in the company (Aprayuda & Misra, 2020; Aprayuda et al, 2021; Sofyan et al, 2020). In addition, the higher the profit generated by the company will motivate management to present wider information to convince investors so that investors will increase compensation for management (Husni et al, 2019). One of the wider disclosures of information is the disclosure of corporate social responsibility. Based on this, hypothesis 7 is formulated as follows:

H7: firm size affects the disclosure of Islamic Social Reporting

According to Kurniawati and Yaya (2017) companies that perform environmental performance well will tend to disclose the company's performance in social responsibility because the company considers that it can attract market participants in this case investors to invest in the company. The company's participation in the Corporate Performance Rating Program (PROPER) in environmental management shows positive things about the company's environmental and social concerns. Based on this, hypothesis 8 is formulated as follows:

H8: environmental performance affects the disclosure of Islamic Social Reporting

Methods

This study uses secondary data. The data obtained are from. This research data is in the form of an annual report published by a go public company published through the Indonesian Sharia Stock Index with the criteria (1) Companies that have gone public are listed on the Indonesian Sharia Stock Index, (2) Companies publish annual financial reports for the period 2014 – 2019 successively and social disclosure information in the company's annual report, (3) Has complete data related to the variables used in this study, (4) The company follows the Company Performance Rating Program (PROPER) in Environmental Management for the period 2014 – 2019. From these criteria, samples were obtained as shown in Table 1.

Tabel 1
Details of the Research Sample

Information	Number of companies
Companies listed on ISSI in 2014 – 2019	306
Companies that do not issue annual reports in 2012 – 2016 in a row	(25)
Companies that do not follow PROPER	(170)
Companies that do not meet the sample criteria	(99)
Number of companies that meet the criteria	12
Total Sample from 2014 – 2019 (5 years)	60

Sumber: Research Data, 2021

As shown in Table 1 above, the research sample obtained was 60 companies listed on the Indonesian Sharia Stock Index during the period 2014 – 2019. The dependent variable in this study is the disclosure of Islamic social reporting, Islamic social reporting is reporting on corporate social responsibility following Islamic principles. The Islamic social reporting index consists of 6 themes, namely: funding and investment, products and services, employees, social, environment, and corporate governance. The scoring method for each item is a value of 0 for each item that is not disclosed and a value of 1 for each item that is disclosed (Santoso and Dhiyaul-Haq 2017). The first independent variable is the board of commissioners, the board of commissioners is a supervisor in the company in charge of supervising management behavior in the implementation of company strategy. The duties of the board of commissioners are collectively responsible for supervising and providing advice to the board of directors, as well as ensuring that the company has implemented good corporate governance (Hery, 2017). The size of the board of commissioners in question is the number of members of the board of commissioners in a company as measured by counting the number of members of the company's board of commissioners mentioned in the company's annual report (Khoirudin, 2013).

The next independent variable is the independence of the board of commissioners is a member of the board of commissioners who has no affiliation with the majority shareholder of the company concerned. And the independence of the board of commissioners must pay attention to the interests of minority shareholders and other stakeholders. The independence of the board of commissioners is measured by calculating the composition or proportion of the independent board of commissioners in the company (Baidok and Septiarini, 2016). The third independent variable is the audit committee is a committee formed by the board of commissioners to help carry out the duties and functions of the board of commissioners. The task of the audit committee is to assist the board of commissioners in overseeing the processes of preparing financial statements. The audit committee consists of a minimum of three people, the more members of the audit committee, the better the supervision of the company's activities. The Audit Committee is measured by counting the number of audit committees in a company mentioned in the company's annual report (Kurniawati and Yaya, 2017).

The fourth independent variable is managerial ownership as the percentage of shares owned by managers and directors of the company at the end of the year for each observation period, in this study measured by the percentage of shares owned by management. The larger the shares owned by the management/institution, the greater the information that will be disclosed by the company in its annual report. This is because the greater the number of shareholdings, the more parties need information about the company. Managerial ownership can be measured according to the proportion of ordinary shares owned by managers (Robiah and Erawati, 2017). The fifth independent variable is institutional ownership. Institutional ownership is the number of shares owned by an institution in the company. Institutional ownership is measured by the percentage of the number of shares owned by the institution to the number of shares outstanding in the company (Ningrum et al, 2013).

The sixth independent variable Company size is a measure that describes the size of the company that can be valued from the total assets of a company. A large company size indicates that the company is experiencing good growth. Company size is measured by the total value of the company's assets. To equate the data form of the processed total asset variable with other data variables, the total asset will be formed into a natural logarithm (ln), (Anggraini and Wulan, 2015). The seventh independent variable is Profitability is the ability of a company to generate profit or profit to increase shareholder value. Profitability in this study was measured using the Return On Assets (ROA) ratio (Kurniawati and Yaya, 2017). The last independent variable is environmental performance, which is the company's performance in creating a good living environment. Measurement of environmental performance in this study by looking at the company's achievements in participating in PROPER conducted by the Ministry of the Environment. The company's environmental performance is measured by giving a score for each color rating obtained by the company, namely gold (very very good) given a score of 5, green (very good) given a score of 4, blue (good) given a score of 3, red (poor) given a score of 2, and black (very poor) was given a score of 1 (Kurniawati and Yaya, 2017).

Data were analyzed using multiple regression analysis The following is the regression equation used in this study:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7 + b_8X_8$$

Information : Y = Disclosure of Islamic social reporting; a = Constant Value; b = Independent variable regression coefficient; X1 = Size of the Board of Commissioners; X2 = Independence of the Board of Commissioners; X3 = Audit Committee; X4 = Managerial Ownership; X5 = Constitutional Ownership; X6 = Company Size; X7 = Profitability; X8 = Environmental Performance

Before the multiple regression test, the tests were carried out with classical assumptions in the form of normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test and tested the hypothesis using a partial test (t), simultaneous (F), and coefficient of determination (R²). The tool used to help process data and test the hypothesis uses software in the form of SPSS.

Results and Discussion

The results of the Descriptive Statistics test in this study can be seen in Table 2. Table 2 shows that there is a good distribution of data. Descriptive statistics aim to describe or describe the variables to be studied through sample data and make conclusions that apply to the public. Descriptive statistics show the minimum, maximum, mean, and standard deviation values for each of the variables studied. The results of descriptive statistical analysis of the variables studied can be seen in the following Table 2.

Tabel 2
Descriptive Statistical Results

	N	Minimum	Maximum	Mean	Std. Deviation
Disclosure of Islamic social reporting	60	0,07	0,33	0,1643	0,07239
Board of commissioners size	60	1	6	3,58	1,306
Independence of the board of commissioners	60	0,29	0,5	0,3627	0,04591
audit committee	60	1	6	3,15	1,005
Managerial ownership	60	0	1	0,1629	0,26828
Institutional ownership	60	0,1	1	0,7969	0,32263
Company size	60	0,14	0,29	0,2028	0,05004
Profitability	60	0	0,23	0,0622	0,04818
Environmental performance	60	3	5	3,52	0,676
Valid N (listwise)	60				

Source: Research Data, 2021

Based on Table 2. above, it can be explained as follows, the average value of Islamic social reporting disclosure is 16.43% and the standard deviation is 0.07239. This means that the average value is greater than the standard deviation value so that the distribution of data for the Islamic social reporting disclosure variable in this study is evenly distributed and there is no high difference between one data and another. The minimum value of Islamic social reporting disclosure is 7% and the maximum value is 33%, which means that the disclosure level of Islamic social reporting in companies listed on the Indonesian Sharia Stock Index is still low. The variable size of the board of commissioners (X1) has a minimum value of 1, a maximum value of 6, and a standard deviation of 1.306. The average value of the size of the board of commissioners is 3.58 which is rounded up to 4 because the variable size of the board of commissioners is the number of people. This means that the average total number of members of the board of commissioners in companies listed on the Indonesian Sharia Stock Index is 4.

The board of commissioners independence variable (X2) has a minimum value of 29%, a maximum value of 50%, and a standard deviation of 0.04591. The average value of the independence of the board of commissioners is 0.3627, which means the total proportion of independent commissioners listed on the Indonesian Sharia Stock Index is 36.27%. The audit committee variable (X3) has a minimum value of 1, a maximum value of 6, and a standard deviation of 1.005. The average value of the size of the board of commissioners is 3.15 which is rounded up to 3 because the audit committee variable is the number of people. This means that the average total number of audit committee members listed on the Indonesian Sharia Stock Index is 3.

The managerial ownership variable (X4) has a minimum value of 0%, a maximum value of 100%, and a standard deviation of 0.26828. The average value of managerial ownership is 0.1629, which means the highest shares owned by managers listed on the Indonesian Sharia Stock Index is 16.29%. The institutional ownership variable (X5) has a minimum value of 10%, a maximum value of 100%, and a standard deviation of 0.32263. The average value of institutional ownership is 0.7969, which means that the highest shares owned by institutions listed on the Indonesian Sharia Stock Index are 79.69%. The firm size variable (X6) is proxied by total assets and then simplified into the form of a natural logarithm (ln). The minimum value of the company size is 14%, the maximum value is 29%, and the standard deviation is 0.5004. The average value of the company size is 20.28%, which means that the size of the companies listed on the Indonesian Sharia Stock Index is in a large category.

The profitability variable (X7) has a minimum value of 0%, a maximum value of 23%, and a standard deviation of 0.04818. The average value of profitability is 0.0622, which means that the profitability value of companies listed on the Indonesian Sharia Stock Index is 6.22%. Because good profitability must have an average value above 2 (two). The environmental performance variable (X8) has a minimum value of 3, a maximum value of 5, and a standard deviation of 0.676. The average value of environmental performance is 3.52 which is rounded up to 4 because the environmental performance variable is seen from the achievements of companies participating in PROPER conducted by the Ministry of Environment and measured by giving a score for each color rating. This means that the average PROPER listed on the Indonesian Sharia Stock Index is 4.

The next stage is to test the data, whether the data is worth analyzing or not. For testing in this study using multiple linear regression, multiple linear regression can be called a good model if the model meets several assumptions which are then called classical assumptions. Classical assumption test that must be met in multiple linear regression must be normally distributed, multiple linear regression consists of normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. The normality test in the regression model is used to test whether the residual value resulting from the regression is normally distributed or not. A good regression model has a normally distributed residual value. This assumption is made using the Kolmogorov Smirnov test. The normality test can be seen in Table 3.

Tabel 3
Normality Test Results

	Unstandardized Residual
N	60
Kolmogorov-Smirnov Z	0,938
Asymp. Sig. (2-tailed)	0,342

Source: Research Data, 2021

Based on table 3. above, from the results of data processing, it is obtained that the data in this study has a significance value (Asymp. Sig. 2-tailed) of 0.342. This indicates that the value is more than the 0.05 significance level ($0.342 > 0.05$), so it can be stated that the data in this study are normally distributed. The multicollinearity test aims to determine whether there is a correlation between the independent variables in the model used, in a good regression model there should not be a perfect or near-perfect correlation between the independent variables (the correlation is 1 or close to 1). Some of the multicollinearity test methods are by looking at the Tolerance and Variance Inflation Factor (VIF) values in the regression model. To find out a regression model free from multicollinearity, with a VIF (Variance Inflation Factor) value of less than 10 and a tolerance number of more than 0.1. The test results can be seen in Table 4. Based on Table 4. above, from the results of data processing, it is obtained that the data in this study has a tolerance value of all variables more than 0.10 and the VIF (Variance Inflation Factor) value is less than 10, it can be concluded that there is no multicollinearity problem. Researchers used the spearman's rho test. namely, correlate the independent variable with the value of the unstandardized residual. If the correlation between the independent variables and the residuals obtained a significance of more than 0.05, it can be said that there is no heteroscedasticity problem in the regression model. The results of the Heteroscedasticity Test can be seen in Table 5.

Tabel 4
Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Board of Commissioners Size	0,630	1,586
Independence of the Board of Commissioners	0,647	1,544
Audit Committee	0,502	1,992
Managerial ownership	0,499	2,006
Institutional Ownership	0,545	1,834
Company Size	0,753	1,328
Profitability	0,748	1,337
Environmental Performance	0,849	1,178

Source: Research Data, 2021

Table 5.
Heteroscedasticity Test

	Unstandardized	Residual
Board of Commissioners Size	Sig. (2 tailed)	0,641
Independence of the Board of Commissioners	Sig. (2-tailed)	0,987
Audit Committee	Sig. (2-tailed)	0,877
Managerial ownership	Sig. (2-tailed)	0,869
Institutional Ownership	Sig. (2-tailed)	0,692
Company Size	Sig. (2-tailed)	0,646

Profitability	<i>Sig. (2-tailed)</i>	0,309
Environmental Performance	<i>Sig. (2-tailed)</i>	0,450

Source: Research Data, 2021

Based on table 5. above, it can be seen that the correlation value of the eight independent variables with unstandardized residuals has a significance value of more than 0.05. Because the significance is more than 0.05, it can be concluded that there is no heteroscedasticity problem. To see the symptoms of autocorrelation a regression model is carried out through testing the Durbin Warson value with the criteria, namely, a Durbin Warson number -2 means there is a positive autocorrelation, a Durbin Warson number between -2 to +2 means there is no autocorrelation, and a Durbin Warson number above +2 means there is autocorrelation. The following Table 6 shows the results of the autocorrelation test in this study using Durbin Warson.

Table 6.
Autocorrelation Test Results

Model	<i>Durbin-Watson</i>
1	1,558

Source: Research Data, 2021

Based on Table 6. above, from the results of data processing, it was obtained that the data in this study had a Durbin-Watson value of 1.558. Based on the Durbin-Watson test criteria, it can be seen that 1.558 Durbin-Watson is between -2 to +2 so it can be concluded that there is no autocorrelation. The results of multiple linear regression in this study can be seen in Table 7.

$$Y = 0,051 + 0,020X_1 + 0,232X_2 + 0,021X_3 - 0,005X_4 + 0,029X_5 - 0,597X_6 - 0,483X_7 + 0,005X_8$$

The constant value (a) is 0.051, meaning that if the size of the board of commissioners, the independence of the board of commissioners, the audit committee, managerial ownership, institutional ownership, company size, profitability, and environmental performance are fixed or 0 then the value of Islamic social reporting disclosure is 0.051. Furthermore, the regression coefficient value for the variable size of the board of commissioners (X1) is positive at 0.020, meaning that if the variable size of the board of commissioners has increased by 1%, the disclosure of Islamic social reporting will experience a positive increase of 0.020 with the assumption that the other independent variables are constant.

The regression coefficient value of the independent variable of the board of commissioners (X2) is positive at 0.232, meaning that if the independent variable of the board of commissioners increases by 1%, the disclosure of Islamic social reporting will experience a positive increase of 0.232 with the assumption that the other independent variables are constant. Then, the regression coefficient value of the audit committee variable (X3) is positive at 0.021, meaning that if the audit committee variable increases by 1%, the disclosure of Islamic social reporting will experience a positive increase of 0.021 with the assumption that the other independent variables are constant. The regression coefficient value of the managerial ownership variable (X4) is negative, equal to -0.005, meaning that if the managerial ownership variable increases by 1%, the Islamic social reporting disclosure will decrease by -0.005 with the assumption that the other independent variables are constant.

Table 7.
Results of Multiple Regression Analysis

Model	Unstandardized Coefficients B	t	Sig.
(Constant)	0,051	0,528	0,600
Board of Commissioners Size	0,02	3,309	0,002
Independence of the Board of Commissioners	0,232	1,381	0,179
Audit Committee	0,021	2,466	0,017
Managerial ownership	-0,005	-0,161	0,872
Institutional Ownership	0,029	1,129	0,264
Company Size	-0,597	-4,183	0,000
Profitability	-0,483	-3,245	0,002
Environmental Performance	0,005	0,550	0,585

Source: Research Data, 2021

The regression coefficient value of the institutional ownership variable (X5) is positive, amounting to 0.029, meaning that if the institutional ownership variable increases by 1%, the disclosure of Islamic social reporting will experience a positive increase of 0.029 with the assumption that the other independent variables are constant. Then, the regression coefficient value of the firm size variable (X6) is negative at -0.597, meaning that if the firm size variable increases by 1%, the disclosure of Islamic social reporting will decrease by -0.597 with the assumption that the other independent variables are constant.

The regression coefficient value of the profitability variable (X7) is negative at -0.483, meaning that if the profitability variable increases by 1%, the disclosure of Islamic social reporting will decrease by -0.483 with the assumption that the other independent variables are constant. The regression coefficient value of the environmental performance variable (X8) is positive at 0.005, meaning that if the environmental performance variable increases by 1%, the value of Islamic social reporting disclosure will experience a positive increase of 0.005 with the assumption that the other independent variables are constant. Then, the results of the coefficient of determination can be seen in table 8.

Table 8.
Coefficient of Determination

R	R Square	Adjusted R Square	Std. An error of the Estimate
,791 ^a	0,626	0,567	0,04762

Source: Research Data, 2021

Based on table 8. the coefficient of determination above, it can be seen that the R number is 0.791. This means that the relationship between the independent variable and the dependent variable is 79.1%, from this number it can be concluded that the relationship between the independent variable and the dependent variable is very strong because the value is close to 1. R Square value of 0.626 means that the percentage of the contribution of the influence of the independent variable on the dependent variable is 62.6%. And the magnitude of the coefficient of determination (Adjusted R Square) is 0.567, this means that the variation of the dependent variable can be explained by the independent variable by 56.7%, while the remaining 43.3% (100% - 56.7%) is explained by other variables outside Research Model. And then the Standard Error of the Estimate is a measure of prediction error, a value of 0.04762. This means that the error that can occur in predicting the disclosure of Islamic social reporting is 4.762%.

Hypothesis Testing and Discussion

Table 9.
T-test (Partial)

Model	Unstandardized Coefficients B	t	Sig.
(Constant)	0,051	0,528	0,6
Board of Commissioners Size	0,02	3,309	0,002
Independence of the Board of Commissioners	0,232	1,381	0,179
Audit Committee	0,021	2,466	0,017
Managerial ownership	-0,005	-0,161	0,872
Institutional Ownership	0,029	1,129	0,264
Company Size	-0,597	-4,183	0,000
Profitability	-0,483	-3,245	0,002
Environmental Performance	0,005	0,55	0,585

Source: Research Data, 2021

Table 9. Shows the test results showing the accepted hypotheses on the disclosure of Islamic social reporting are the size of the board of commissioners, audit committee, company size, and profitability. Hypothesis 1 (H1) states that the effect of the size of the board of commissioners on the disclosure of Islamic social reporting. Based on the results of the t-test (partial), it is known that the variable size of the board of commissioners shows the value of t count > t table (3.309 > 2.007) meaning that the size of the board of commissioners affects the disclosure of Islamic social reporting. This is in line with research (Kurniawati and Yaya 2017, Khoirudin 2013), which states that the size of the board of commissioners affects the disclosure of Islamic social reporting. This means that in this study companies listed on the Indonesian Sharia Stock Index, related to the disclosure of company information, the larger the size of the board of commissioners, the better the supervision will be. With good supervision, it is hoped that the disclosure of Islamic social reporting will be wider because it can minimize information that may be hidden by management. Thus, it can be concluded that the size of the board of commissioners affects the disclosure of Islamic social reporting.

Hypothesis 2 (H2) states that the effect of the independence of the board of commissioners on the disclosure of Islamic social reporting. Based on the results of the t-test (partial), it is known that the independence of the board of commissioners variable t value $< t$ table ($1.381 < 2.007$) means that the independence of the board of commissioners does not affect the disclosure of Islamic social reporting. This is in line with research (Kurniawati and Yaya, 2017), which states that the independence of the board of commissioners does not affect the disclosure of Islamic social reporting. This means that in this study companies listed on the Indonesian Sharia Stock Index, the high and low proportion of independent commissioners does not affect the supervisory process carried out by the board of commissioners on the performance of management in disclosing information widely. Thus, it can be concluded that the independence of the board of commissioners does not affect the disclosure of Islamic social reporting.

Hypothesis 3 (H3) states that the effect of the audit committee on the disclosure of Islamic social reporting. Based on the results of the t-test (partial), it is known that the audit committee shows the t count $> t$ table ($2.466 > 2.007$), meaning that the audit committee affects the disclosure of Islamic social reporting. This is in line with research (Restu et al, 2017), which states that the audit committee affects the disclosure of Islamic social reporting. This means that in this study company listed on the Indonesian Sharia Stock Index, the audit committee affects the quality of company information disclosure. A large number of audit committees in the company will ensure the implementation of supervision over management to prevent fraud in the disclosure of social responsibility. Thus it can be concluded that the audit committee affects the disclosure of Islamic social reporting.

Hypothesis 4 (H4) reveals the effect of managerial ownership on the disclosure of Islamic social reporting. Based on the results of the t-test (partial), it is known that managerial ownership shows the value of -t count $> -t$ table ($-0.161 > -2.007$) meaning that managerial ownership does not affect the disclosure of Islamic social reporting. This is in line with research (Robiah and Erawati, 2017), which states that managerial ownership does not affect the disclosure of Islamic social reporting. The average number of managerial shareholdings in companies listed on the Indonesian Sharia Stock Index is relatively small because there is no alignment of interests between owners and managers. Thus it can be concluded that managerial ownership does not affect the disclosure of Islamic social reporting.

Hypothesis 5 (H5) states the effect of institutional ownership on the disclosure of Islamic social reporting. Based on the results of the t-test (partial), it is known that institutional ownership shows the value of t count $< t$ table ($1.129 < 2.007$) meaning that institutional ownership does not affect the disclosure of Islamic social reporting. This is in line with research (Santoso and Dhiyaul-Haq, 2017), which states that institutional ownership does not affect the disclosure of Islamic social reporting. This means that in this study companies listed on the Indonesian Sharia Stock Index, the high and low institutional share ownership does not affect the company in disclosing social information, thus it can be concluded that institutional ownership does not affect the disclosure of Islamic social reporting.

Hypothesis 6 (H6) reveals that there is an effect of firm size on the disclosure of Islamic social reporting. Based on the results of the t-test (partial), it is known that the size of the company shows the value of -t count $< -t$ table ($-4.183 < -2.007$) meaning that the size of the company affects the disclosure of Islamic social reporting. This is in line with research (Ramadhani 2016, Widiawati and Raharja 2012), which states that company size affects the disclosure of Islamic social reporting. This means that in this study companies listed on the Indonesian Sharia Stock Index indicate that the larger the size of the company, the higher the Islamic social reporting disclosed by the company. This is because the larger the size of the company, the higher the demand for information disclosure compared to smaller companies. By disclosing more information, the company tries to indicate that the company has implemented sharia principles well. Thus it can be concluded that the size of the company affects the disclosure of Islamic social reporting.

Hypothesis 7 (H7) states that there is an effect of profitability on the disclosure of Islamic social reporting. Based on the results of the t-test (partial), it is known that the size of the company shows the value of -t count $> -t$ table ($-3,245 < -2.007$) meaning that the size of the company affects the disclosure of Islamic social reporting. This is in line with research (Kurniawati and Yaya 2017, Widiawati and Raharja 2012), which states that profitability affects the disclosure of Islamic social reporting. This means that in this study companies listed on the Indonesian Sharia Stock Index, having a higher level of profit will attract investors by providing better information to the public and other stakeholders, namely by increasing the disclosure of social responsibility. This means, the higher the profitability, the wider the disclosure of Islamic social reporting will be. Thus it can be concluded that profitability affects the disclosure of Islamic social reporting.

Hypothesis 8 (H8) states that there is an effect of environmental performance on the disclosure of Islamic social reporting. Based on the results of the t-test (partial), it is known that the environmental performance shows the value of t count $< t$ table ($0.550 < 2.007$) meaning that environmental performance does not affect the disclosure of Islamic social reporting. This is in line with research (Hartawati et al., 2017), which states that environmental performance affects the disclosure of Islamic social reporting. This means that in this study the companies listed on the Indonesian Sharia Stock Index have not fully expressed the company's concern for social and environmental

activities. And it has not reached the high number obtained in the environmental performance rating given by the government, thus it can be concluded that environmental performance does not affect the disclosure of Islamic social reporting.

Conclusion

The purpose of this study was to determine how much influence the corporate governance mechanism has (which is seen through the components that exist within the company, including the size of the board of commissioners, the independence of the board of commissioners, the audit committee, managerial ownership, and institutional ownership), company size, financial performance, and environmental performance on the disclosure of Islamic social reporting. The results showed that the size of the board of commissioners, audit committee, firm size, profitability affect the disclosure of Islamic social reporting, while the independent variables of the board of commissioners, managerial ownership, institutional ownership, and environmental performance do not affect the disclosure of Islamic social reporting.

This research implies that the company's disclosure of Islamic social reporting is influenced by several factors, including the size of the board of commissioners, audit committee, company size, and profitability. The results of this study can be used as consideration for companies to disclose adequate Islamic social reporting and following sharia principles. The level of disclosure of a company's Islamic social reporting will be of high value if the company has many boards of commissioners, has many audit committees, has a large company size, and has a high level of profitability. In addition, companies can improve performance for independent commissioners, increase managerial and institutional ownership in companies, and improve company quality in following environmental performance through PROPER. For the community of stakeholders, the results of this study will provide information about the level of disclosure of corporate social responsibility that can influence the decision-making of Muslim stakeholders. Muslim stakeholders can be encouraged to invest in companies that have a high level of disclosure of Islamic social reporting because it indicates the company has conducted and managed the company adequately and according to sharia principles. This research has limitations. First, the researcher did not fully use the components of the corporate governance mechanism in this study. Then, the researcher only uses one financial ratio, namely profitability in this study. Therefore, suggestions for future research are to increase the sample by using companies registered on the Sharia Securities List (DES), so that they are more objective and obtain more accurate results. Then, the next researcher is expected to extend the research period more than this research.

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