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Islamic banks in Indonesia: Profitability and Islamic social accountability reporting

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ABSTRACT

This study aims to determine the determinant variable of profitability by examining the effect of efficiency, liquidity, company size, and the determinants of Islamic social reporting. The research approach is carried out with a quantitative approach. In contrast, the explanatory research method explains the effect of the independent variable on the dependent variable through hypothesis testing and path analysis. The sampling method is purposive sampling with a sample size of Islamic banks in Indonesia from 2018 to 2020 that have reported social responsibility banking activities. Meanwhile, the analysis tool used is the path analysis approach. The study results found that efficiency had a negative effect on profitability and had no impact on Islamic social reporting, liquidity had a positive effect on profitability and had no impact on Islamic social reporting, and company size had no effect on profitability and had no impact on Islamic social reporting, and profitability. So that banks, in increasing profitability, must be able to increase efficiency in managing short-term liabilities and assets in banks.

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1. INTRODUCTION

The corporate social responsibility reporting framework that is by sharia principles is known as Islamic Social Reporting (ISR). The ISR index is a standard implementation of Islamic corporate social responsibility, which contains the components of the CSR standard set by AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions), further developed by experts regarding CSR components that an Islamic entity should disclose. (Othman and Thani, 2010). The Islamic Social Reporting (ISR) Index was first put forward by (Haniffa 2002), who argued that there are limitations to conventional social responsibility reporting, so he revealed the conceptual framework of the Islamic Social Reporting (ISR) Index according to the provisions of Islamic sharia which not only helps decision making for parties. Muslims but also assist internal parties in fulfilling their obligations to Allah SWT and the wider community. Whether large or small, in terms of its operations, every company impacts the environment around the company. Therefore, it is hoped that the company can disclose CSR more widely. (Haniffa 2002; Prasetyoningrum 2018) reveals that there are limitations in conventional social reporting so that the conceptual framework of Islamic Social Reporting is based on sharia provisions, which helps decision-making for Muslims and helps companies fulfill their obligations to Allah Subhanaahu wa Ta 'ala and society. The Corporate Social Responsibility (CSR) of a business organization has got attention from stakeholders. CSR activities are essential for companies to demonstrate their commitment to society, including in Islamic organizations. In this case, sharia-compliant companies, whose activities are contrary to Sharia principles, have the purpose of either making a profit or contributing to society in terms of economic and environmental sustainability. However, CSR by Sharia Compliance Companies (SCC) is also expected to have religious content to demonstrate the company's commitment to Islam's principles. This is because CSR contains religious values that are often referred to as Islamic Social Reporting (Othman and Thani, 2010). Thus, CSR is crucial for companies to perform their accountability and unlock new revenue and growth (Nugraheni and Wijayanti, 2017; Roitto, 2013).

Arifah (2018) states that ISR disclosure from year to year shows a fluctuating graph because there is no standard for ISR disclosure. Therefore, the researchers looked for factors that influence ISR disclosure. In Mubarok's (2019) study, efficiency is one factor that influences ISR disclosure. Companies that have good efficiency tend to disclose more company performance reports. However, this contradicts the research (Prasetyoningrum 2018), which states that there is no cost-efficiency effect on ISR disclosure. (Astuti 2014) also indicated that liquidity affects ISR disclosure. Liquidity can also affect the number of reports because the better its liquidity, the better the company will disclose its performance reports. However, it is inversely proportional to Istiani (2015), who states that liquidity does not affect ISR disclosure. Profitability itself is the company's ability to obtain profit (profit). Profitability analysis describes the company's actual profit performance (Harmono, 2009). To maximize the profit expected by the company, namely optimal profit, the financial manager must know the factors that influence the company's large and small profitability. Knowing each factor that influences profitability, it is hoped that the company will be able to determine effective and efficient steps to overcome problems that arise and minimize risks that can be detrimental to the company.

Agustina (2013) states that each company's social impacts are not always the same because many factors differentiate each company even though the company is in the same type of business. The factors that determine a company are called company characteristics. The company's various characteristics include profitability, liquidity, operational efficiency, social constraints, the structure of the board of commissioners, company age, company profile, the country where the company was founded, the country of the company's owner, and others. Various studies have been conducted on the factors that influence ISR disclosure, but these studies' results show mixed results. Several factors affect the ISR disclosure from several studies that have been conducted, such as profitability, liquidity, efficiency, and company size. Companies with high profitability tend to expand their companies. Expansion activities are actions to enlarge and expand the company. Companies with a larger size will increase profitability; likewise, Hansen and Juniarti (2014) and (Yazdanfar & Öhman, 2016) argue that company size positively influences company profitability. However, Novyanny and Turangan (2019) argue that company size does not affect profitability. The company's effectiveness in managing its working capital and generating profits can be calculated by calculating and analyzing operational efficiency. Effendi (2016) states that operational efficiency affects company profitability. This statement is also supported by research conducted by Lemiyana and Litriani (2016), Setiawan (2017), Sinung et al. (2018), Adzani (2018), and Syakhrun, et al. (2019). However, Susanto and Kholis (2016) research resulted in a contradiction that stated that efficiency did not affect company profitability. Apart from efficiency, a company's effectiveness in generating profits can be calculated by calculating and analyzing liquidity. Research conducted (Nevada 2016; Candrawati 2017; Wibisiono and Wahyuni 2017), as well as Almunawwaaroh and Marliayana (2018), shows that liquidity positively influences company profitability. Meanwhile, research conducted by Ibrahim and Widyiyanti and Nindya (2015) found that leverage has a significant negative effect on Return On Assets (ROA), Current Ratio (CR) and growth is not significant to Return On Assets (ROA), and Working Capital Turnover (WCT) has a positive effect. Significant to Return On Assets. (ROA). The consumer goods industry should pay more attention to assets, liabilities, and working capital.

2. LITERATURE REVIEW

2.1 Sharia Enterprise Theory

Sharia enterprise theory is a sharia accounting theory built based on the trustworthy analogy and the zakat analogy, which requires a balance between self-interest and shared welfare (Samsiyah et al., 2013). This theory is a development of the Enterprise Theory concept in which values that are by Islamic provisions have been inserted to produce a more humanist theory. In this theory, all resources owned by stakeholders are a mandate from Allah SWT, in which the responsibility is attached to use in the ways and objectives set by the main owner (Triyuwono, 2012). According to Wulandari (2016), several characteristics of the Sharia Enterprise Theory regarding disclosure of corporate social responsibility include: (a) the social responsibility report reports on the company's operational activities that have the objective of fulfilling obligations to Allah SWT; (b) the presentation of the corporate social responsibility report must be easily understood by all interested parties so that all information provided is acceptable; (c) disclosure of social responsibility is mandatory to realize the objectives of sharia; (d) in disclosing social responsibility according to Islamic provisions, companies need to present information that contains a spiritual dimension, and not only a material dimension; and (e) the information presented in the corporate social responsibility report must contain quantitative as well as qualitative information.

2.2 Islamic Social Reporting (ISR)

Haniffa (2002) argues that corporate social responsibility reporting in established companies only focuses on material and moral aspects. He added that the spiritual aspect should also be used as the primary basis for reporting corporate social responsibility because Muslim decision-makers expect companies to disclose certain information voluntarily to help fulfill their spiritual needs. He views a need for a particular framework for reporting social responsibility under Islamic principles. The framework is helpful for Muslim decision-makers and helps companies based on Islamic law fulfill their obligations towards Allah SWT and society. This framework is known as Islamic Social Reporting (ISR). Sharia principles are the basic foundation for the formation of a comprehensive ISR. Sharia principles in ISR produce material, moral, and spiritual aspects, the primary basis for corporate social responsibility reporting. Sharia principles contain ethical concepts from an Islamic perspective and contain various guidelines close to everyday life, such as politics, economics, and social. ISR is in the scope of economic or, more specifically, accounting aspects. Thus, it can be concluded that the ISR is a corporate social responsibility reporting framework that is under sharia principles. Profitability is an essential factor for the company to survive, and it is one factor that affects the disclosure of corporate social responsibility (CSR). High profitability shows that the company has sufficient financial resources to finance the reporting and disclosure of CSR (Meek et al., 1995). Doing CSR activities and disclosing them need financial and human resources for performing CSR activities. In addition, high profitability gives freedom and flexibility of management to undertake and reveal more extensive disclosure to stakeholders at once, showing the companies' contribution to society's well-being (Haniffa and Cooke 2005). From an Islamic perspective, companies must be willing to provide full disclosure, whether they get high profit or not. ISR disclosure is the moral obligation of the company to give adequate information to the stakeholders. By doing so, they can make economic and religious decisions based on that adequate information. Specifically, ISR disclosure implements companies' adherence to Islamic principles (Haniffa and Cooke 2005). More importantly, companies with good financial conditions will also have the discretion to do any useful activities. (Haniffa 2002) states that in the Islamic view, companies intending to make disclosures will not consider whether the company is making a profit or loss. However, Islamic banks still disclose Islamic Social Reporting information, regardless of high or low profit. Haniffa (2002) states that in the Islamic view, companies that intend to disclose will not consider whether the company is making a profit or loss. However, Islamic banks still disclose Islamic Social Reporting information regardless of their high or low profit.

According to Hansen (2014), liquidity is the company's ability to complete its short-term liabilities. Companies with high liquidity will signal other companies that they are more credible than other companies. Therefore, they tend to provide a wider disclosure of information for outside parties. The signal is carried out by providing more extensive information about social and environmental responsibilities. The Islamic principles in Sharia Enterprise Theory require that all treatment be accountable for its existence. The higher the company's liquidity level, the higher the ability to disclose the ISR. This is supported by Asyhari (2016) research that liquidity significantly affects Islamic Social Reporting disclosure in Islamic Commercial Banks in Indonesia. While the research of (Riyani 2018), the Board of Commissioners and liquidity affect ISR disclosure, the Board of Directors, the Audit Committee, Sharia Supervisory Board, and leverage do not. (Othman, Thani, and Ghani 2009) and (Qoyum et al. 2017) found that company size is significant with ISR disclosure level. This is because the company's business activities influence the larger the company size, the more stakeholders influence. Thus, larger companies tend to carry out broader Islamic social responsibility disclosures than smaller ones. (Haniffa and Cooke 2005) had shown that the company's size measured by using a total proxy asset had a significant positive effect on the mandatory or voluntary disclosure level. This is because arranging the report and disclosing ISR activities needs adequate financial and human resources. And a large company can do such activities easier than small ones. The operational cost ratio measures the level of efficiency and a bank's ability to carry out its operations (Dendawijaya 2003; Harun 2016). According to Bank Indonesia regulations, operating efficiency is measured by BOPO (Operational Expenses, Operating Income) with a maximum limit of BOPO (Operational Expenses, Operating Income), 90%. Operational efficiency also affects bank performance, BOPO (Operating Costs Operating Income) shows whether the bank has used all of its production factors appropriately. (Prasetyoningrum 2018) The result of the research shows that the factor of financial factor in this research is the firm Size (SIZE), Profitability (ROA), Leverage (DER), and Cost Efficiency (BOPO) proved not significant influence to ISR. In contrast, the Company Age factor (AGE) is statistically proven to affect the ISR significantly.

The importance of reporting company responsibility to the public is not just material reporting. However, companies must prioritize social, economic, and environmental aspects and other issues. In the concept of Islamic social reporting (ISR), social responsibility reporting focuses on the spiritual aspect. Based on the understanding and development of research carried out, the importance of disclosing Islamic social reporting (ISR) in Islamic banking in Indonesia is not only based on the orientation of increasing profitability. The research was conducted to test and analyze efficiency, liquidity, company size, and profitability factors as mediation for Islamic social reporting (ISR).

3. METHODOLOGY

This type of research used in this research is a type of explanatory research. This research focuses on efficiency, liquidity, and their relationship to profitability with the disclosure of Islamic social responsibility or Islamic Social Reporting (ISR). The population in this study were all Islamic commercial banks in Indonesia during the 2018-2020 period. This study uses a purposive sampling technique, in which the sample to be taken is determined with certain considerations. The criteria used for sampling were sharia commercial banks that operated nationally in Indonesia during 2018-2020 and had published their complete annual reports for 2018-2020. The data in this study were collected using the Documentation Medote. In this study, path analysis was used to analyze data. Path analysis is a different part of the development of regression analysis if regression analysis is generally used to test the direct effect between variables. In contrast, path analysis tests the direct relationship, the indirect relationship mediated by the intervening variables, and the overall relationship between variables.

4. RESULTS

Several assumptions must be met before testing the hypothesis, namely the classical assumption test, which tests whether it can meet the classical assumptions. This is done to avoid biased estimates, considering that not all data can be applied to regression. The purpose of the classical assumption test in this study is to determine whether the existing regression model is free from classical assumptions. The following is a recapitulation of the results of the assumption tests carried out in this study:

Table 1. Summary of Classical Assumption Test

No.	Type of Test	Result test	Conclusion
1.	Normality test: *Kolmogorov-Smirnov*	p-value 0.2 > 0.05	Significant
2.	Multicollinearity test: Tolerance and Variance Inflation Factor	*tolerance* $\geq$ 0,10 and VIF $\leq$ 10	Multicollinearity does not occur
3.	Autokorelation test: *Durbin Watson*	*dL is 1.2734, dU is 1.7215, and the 4-dU value is 2.2785.*	there is no autocorrelation
4.	Heteroscedasticity test: scatterplot	The points on the chart do not form a pattern and are spread over or below the 0	there is no heteroscedasticity

Based on the results of the classical assumption test, as listed in table 1, it can be concluded that the regression model has met the classical assumptions.

4.1 Path Analysis Test

The path analysis test tests the direct relationship, the indirect relationship mediated by the intervening variables, and the overall relationship between variables. To determine whether there is a direct and indirect relationship, the path analysis test is divided into two regression models. The following are the results of the path analysis test in this study:

Regression Model 1

Table 2. The Results of the Path Coefficient Test Model 1

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	26,284	10,531		2,496	,017
	BOPO	-,146	,015	-,997	-9,856	,000
	FDR	1,459E-5	,000	,219	2,192	,035
	SIZE	-,371	,334	-,103	-1,112	,274

The significance value of efficiency, liquidity, and company size is 0,000, respectively; 0.35 and 0.274. The value of the path coefficient of each of the efficiency, liquidity, and company size variables leading to the profitability variable can be seen in the unstandardized beta coefficient column -0.146; 1,459E-5 and -0,371.

4.2 Regression Test Model 2

Table 3. The Results of the Model 2 Path Coefficient Test

	Model	*Unstandardized Coefficients*		*Standardized Coefficients*	*t*	*Sig.*
		B	*Std. Error*	*Beta*		
1	*(Constant)*	-,733	,333		-2,201	,035
	ROA	-,008	,005	-,406	-1,717	,095
	BOPO	-,001	,001	-,403	-1,464	,152
	FDR	1,839E-7	,000	,133	,889	,380
	SIZE	,051	,010	,681	5,166	,000

a. Dependent variable: ISR
b. Source: SPSS

Based on the table above, the regression model is obtained as follows:
ISR = -0.7330 - 0.008 ROA - 0.001 BOPO + 1.839E-7 FDR + 0.051 SIZE + e

The significance values of efficiency, liquidity, company size, and profitability are 0.152, respectively; 0.380, 0.001, and 0.095. The value of the path coefficient of the efficiency, liquidity, firm Size, and profitability variables lead to the ISR as the Y variable each shows the number -0,000; 1,839E-7; 0.051, and -0.008.

Based on the results of the path coefficient test model 1 on the path analysis, it is found that; (a) the significance value of X1 is 0.000 <0.05, so it can be concluded that the efficiency variable (X1) has a significant effect on the profitability variable (Z); (b) the significance value of X2 is 0.035 <0.05, so it can be concluded that the liquidity variable (X2) has a significant effect on the profitability variable (Z); (c) the significance value of X3 is 0.274> 0.05, so it can be concluded that the firm size variable (X3) has no significant effect on the profitability variable (Z); (d) the significance value of X1 is 0.152> 0.05, so it can be concluded that the efficiency variable (X1) has no significant effect on the ISR disclosure variable (Y); (e) the significance value of X2 is 0.380> 0.05, so it can be concluded that the liquidity variable (X2) has no significant effect on the ISR disclosure variable (Y); (f) the significance value of X3 is 0.000 <0.05, so it can be concluded that the company size variable (X3) affects the ISR disclosure variable (Y); and (g) the significance value of X1 is 0.095> 0.05, so it can be concluded that the profitability variable does not have a significant effect on the ISR disclosure variable (Y).

4.3 Model Test

The f-test aims to determine whether all independent variables affect the dependent variable in this study simultaneously or simultaneously in a regression model in this study. The basis for the f-test assessment is if the significance level is <0.05, it can be concluded that there is a simultaneous influence between the independent and dependent variables in a regression model.

Table 4. F Test Results

No.	Type of Test	Result test	Conclusion
1.	F test for Model 1	F: 36,530 with p-value 0.000 < 0,05	significant
2.	F test for Model 2	F: 9,955 with p-value 0.000 < 0,05	significant

Based on table 4, the f test results for regression model 1 show a significance value of 0.000, which is less than 0.05. It can be concluded that efficiency, liquidity, and company size significantly affect Islamic banks' profitability in Indonesia. Likewise, the f-test results for regression model 2 show a significance value of 0.000, which is less than 0.05. It can be concluded that efficiency, liquidity, company size, and profitability simultaneously affect the Islamic social reporting of Islamic banks in Indonesia. The determination test coefficient aims to determine how much a regression model explains the dependent variable. Table 4 below briefly describes the coefficient of determination test results for regression model 1 and regression model 2.

Table 5. The results of the determination coefficient test

No.	Type of Test	Result test	Conclusion
1.	Test the coefficient of determination for Model 1	75.8%	significant
2.	Test the coefficient of determination for Model 1	53.9%	significant

Based on the results of the coefficient of determination test, it is known that the R square value in regression model 1 is 0.758 or 75.8%, which means that the effect of efficiency, liquidity, and company size on the profitability of Islamic banks in Indonesia is 75.8%, while the rest is 24.2. % is the influence of other factors that are not explained in this study. Meanwhile, the R square in regression model 2 is 0.539 or 53.9%. This implies that efficiency, liquidity, company size, and profitability affect 53.9% of Islamic banks' Islamic social reporting in Indonesia. While the rest, which is 46.15%, is the influence of other factors not explained in this study.

5. DISCUSSION

Based on hypothesis testing, it shows that the efficiency variable, which is proxied by operating expenses on operating income (BOPO), has a value of 0,000, which is less than 0.05. While the research results also show the value of the efficiency coefficient of -0.146. The coefficient value, which shows a negative impact, means that the higher the efficiency level, the smaller the bank's profit level. The high level of operating expenses will generally be borne by the income, which is the allocation of financing. Increasing costs and financing will certainly affect bank capital and profits. Increasing operating expenses without being matched by an increase in operating income will result in a reduced level of profitability, which in this study is reflected in return on assets (ROA). Therefore, it can be concluded that H1, which states the effect of efficiency on profitability, is accepted. The results of this study are in line with research conducted by Lemiyana and Litriani (2016), Setiawan (2017), Sinung et al. (2018), and Adzani et al. (2018). However, it contradicts the research conducted by Susanto and Kholis (2016), which states that the efficiency proxied by OEOI does not affect the profitability proxied by ROA.

Based on hypothesis testing, it shows a significant value of the liquidity variable of 0.035. A significance of less than 0.05 indicates that the liquidity variable, proxied by financing to debt ratio (FDR), significantly affects profitability. In the partial test, it was also found that the coefficient value of liquidity was 1.839E-7. This shows that liquidity, which is proxied by the FDR ratio, has a positive effect on profitability, so the higher the liquidity level in Islamic banks, the higher the bank profitability. FDR is the ratio of the bank's total amount of financing to the funds received by the bank. An increase in the amount of financing, followed by an increase in the level of profit received, indicates that the bank has effectively channeled credit. These results also conclude that H2, which states liquidity, affects accepted profitability. This research is in line with the results conducted by Wibisono and Wahyuni (2017) and Almunawwaroh and Marliana (2018), which state that liquidity has a significant effect on bank profitability. Meanwhile, several other research results contradict these results. Lemiyana and Litriani (2016) state that the liquidity variable proxied by the FDR ratio does not affect the profitability variable proxied by ROA.

Based on hypothesis testing, the significance value of the company size variable, as proxied by the natural logarithm of total assets, is 0.274. A significance value of more than 0.05 indicates that the firm size variable does not significantly affect profitability. Companies that are expanding to be bigger do not necessarily have a high level of profitability. This indicates that a company is seen in terms of size, but many other factors must be considered. One of them is how the company's management manages its assets. The company's size makes the organization large and requires high operating costs. If company management cannot control its assets effectively and efficiently, it cannot increase profitability. The results above also conclude that H3, which states that firm Size affects profitability, is rejected. This study's results do not align with the research conducted by Yazdanfar and Ohman (2016), which states that company size influences profitability. They say that more prominent companies are more profitable than smaller ones. However, this research is in line with a study conducted by Niresh and Velnampy (2014), Ratnasari and Budianto (2016), Rikalmi, and Wibowo (2016), Novyanny and Turangan (2019), which state that there is no effect of company size on profitability.

Based on hypothesis testing, it shows a significant value of the efficiency variable of 0.152. A significance value of more than 0.05 indicates that the efficiency variable proxied by the ratio of operating expenses to operating income (BOPO) does not significantly affect ISR disclosure. These results also conclude that H4, which states that efficiency affects the ISR disclosure, is rejected. Companies should disclose their performance and social activities as a form of responsibility regardless of whether their income can adequately balance the company's operating expenses. This research is in line with the results of Prasetyoningrum (2018). He also stated that there was no cost-efficiency effect proxied by BOPO on the ISR disclosure. The scope of social responsibility disclosure is not affected by the BOPO ratio level. However, the above statement is inversely proportional to the research results conducted by Mubarok (2019), which states that the OEOI ratio affects ISR disclosure.

Based on hypothesis testing, it shows that the liquidity significance value is 0.380. A significant value of more than 0.05 indicates that the efficiency variable proxied by the financing-to-debt ratio (FDR) does not significantly affect ISR disclosure. These results also conclude that H5, which states liquidity affects the ISR disclosure, is rejected. ISR disclosure will still be carried out even though the bank's liquidity level is high and the medium is low. By disclosing the ISR, the bank will not experience a loss, and it will not affect the payment of company debt. Lestari (2016) argues that the level of liquidity cannot be used as an evaluation indicator that influences social responsibility disclosure. This is because the high and low liquidity levels will not reduce the components in the ISR disclosure of Islamic banks. The description above also has the same results as the empirical research of Istiani (2015) and Deviani (2018). They state that there is no effect of liquidity proxied by FDR on ISR disclosure. However, this statement contradicts the research conducted by Astuti (2013) and Widiyanti and Hasanah (2015). According to Widiyanti and Hasanah (2015), a company's strong liquidity ratio is closely related to the extent of disclosure of social responsibility because companies tend to improve their company performance to get the public spotlight.

The hypothesis testing shows that the firm size variable's significance value, as proxied by the natural logarithm of total assets, is 0.000. A significance of less than 0.05 indicates that the firm size variable significantly affects the ISR disclosure. The partial test also shows an efficiency coefficient value of 0.51. This indicates that company size positively affects the ISR disclosure of Islamic banks. The bigger the size of a company, the wider the corporate social responsibility disclosure. This is because companies expanding to be bigger will be balanced with the amount of information. Istiani (2015) argues that the greater the assets owned by a sharia bank, the greater its ability to carry out social responsibility activities. Thus, it can be concluded that H6, which states that firm Size affects profitability, is accepted. This study's results align with the results of research from (Raditya 2012; Lestari 2013; Febriany 2014; Istiani 2015; Santoso, and Dhiyaul-haq 2017; Arifah 2018), who argue that company size affects ISR disclosure.

Based on hypothesis testing, it shows that the significance value of the profitability variable is 0.095. A significant value of more than 0.05 indicates that the profitability variable proxied by ROA does not significantly affect ISR disclosure. Based on the description above, it can be concluded that H7, which states that profitability affects the ISR disclosure, is rejected. From the Islamic perspective, a company intending to disclose its social activities fully will not see whether the company is making a profit or losing. This is because the company will do it and possibly as a form of responsibility, even though its profitability is up or down. Deviani (2018) argues that companies with high profitability do not necessarily have many social activities because these companies are profit-oriented alone. So that the level of profitability does not influence the broad coverage of ISR disclosures, this statement is in line with the results of research conducted by (Astuti 2013; Rosiana 2015; Raditya 2012; Lestari 2013; Santoso and Dhiyaul-haq 2017) found that profitability has a positive influence on ISR disclosure.

6. CONCLUSION

Based on the data analysis and discussion results, it can be concluded that efficiency negatively affects profitability. This means that the greater the efficiency of Islamic commercial banks as reflected in the ratio of operating expenses to operating income, the smaller the profit received in the future. Liquidity has a positive effect on profitability. It can be interpreted that the greater the level of liquidity, which is proxied by the financing to deposit ratio, shows that Islamic commercial banks in Indonesia are quite effective in channeling credit, resulting in a higher profit level. Firm size does not affect profitability. This indicates that the expansion carried out by Islamic commercial banks was not matched by an increase in the level of profit received. Efficiency does not affect the disclosure of Islamic Social Reporting (ISR). This means that the size of the bank efficiency level, which is proxied by operating expenses on operating income, does not affect the scope of disclosure of Islamic social responsibility by Islamic commercial banks. Liquidity does not affect Islamic Social Reporting (ISR) disclosure. It can be concluded that the extent of the disclosure of Islamic social responsibility is not influenced by the size of the bank's liquidity level. Company size positively affects Islamic Social Reporting (ISR) disclosure. This shows that the larger the bank's size, the more extensive the information disclosed in the Islamic social responsibility report will be. Company profitability does not affect Islamic Social Reporting (ISR) disclosure. It can be concluded that the profit level, as reflected by return on assets, does not affect the broad scope of social responsibility disclosure for Islamic commercial banks in Indonesia.

Based on the research results that have been used, the advice that can be given to the management of Islamic banks to increase profitability is that the bank must be able to increase efficiency and manage the ability of Islamic banks to meet their short-term obligations. Meanwhile, to improve Islamic social reporting, the management of Islamic banks must manage assets owned by Islamic banks. Meanwhile, the suggestion for further research is to add the research period and research variables in order to provide better research findings and conclusions.

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