

The Role of Company Size in Moderating Liquidity and Leverage on Islamic Social Reporting in Islamic Commercial Banks in The Period 2020-2024

Eli Erfandi^{1*}, Yusuf Wijayanto² and Yayan Nuryana³

^{1,3} Accounting, ADIAS Institute of Technology and Business, Pemalang, Indonesia
² Management, ADIAS Institute of Technology and Business, Pemalang, Indonesia

*Corresponding Author – Email Address : eliitbadias@gmail.com

ABSTRACT

This study aims to determine and analyze the effect of Liquidity and Leverage on Islamic Social Reporting with Company Size as a Moderating Variable. The population of this study uses Islamic Commercial Banks registered with the Financial Services Authority and takes an observation period of 5 years starting from 2020 to 2024. This study uses Purposive Sampling using a sample of 50 data. This study collects secondary data on Islamic Commercial Banks used as samples, namely using the Annual Report and Sustainability Report of Islamic Commercial Banks. The analysis method used is Partial Least Square SEM with the help of SmartPLS software version 3.0.

The results of this study indicate that the Liquidity Variable (X_1) has an effect on Islamic Social Reporting (Y) with a p-value of 0.001. The Leverage variable (X_2), has an effect on Islamic Social Reporting (Y) with a P-Value of 0.003. The Company Size (Z) variable is unable to moderate the effect of Liquidity (X_1) on Islamic Social Reporting (Y) with a P-Value of 0.918. The Company Size (Z) variable is unable to moderate the effect of Leverage (X_2) on Islamic Social Reporting (Y) with a significance value of 0.254.

ARTICLE INFO

Keywords:
Liquidity, Leverage,
Islamic Social Reporting,
Company Size, Banking

1. Introduction

Islamic economics in Islamic banks has a goal that is not only focused on commercial, but also pays attention to the surrounding environment in carrying out its role in providing welfare evenly for the community which is a form of concern or responsibility. Therefore, Islamic banks need to take part in playing an active role in the dynamics of the surrounding community by allocating part of their funds through disclosure of social and environmental accountability to provide good returns, and build the company's reputation ((Pratiwi, Nurulrahmatia, and Muniarty 2020)).

Islamic banking in Indonesia has been growing since the operation of Bank Muamalat as the first Islamic bank in Indonesia. The development of the Islamic banking industry has produced various achievements, from the increasing number of products and services provided, to the development of infrastructure that supports Islamic finance. This can be seen through the growth in net profit of the Islamic banking industry which is progressing ((Nastiti and Firdaus 2019)).

Table 1. Sharia Banking Industry Net Profit Growth as of September 2024

<i>Banking Sharia</i>	<i>Net profit</i>	
	<i>Year 2023</i>	<i>Year 2024</i>
<i>Bank General Sharia</i>	<i>Rp6.4 Trillion</i>	<i>Rp7.13 Trillion</i>
<i>Unit Business Sharia</i>	<i>Rp3.5 Trillion</i>	<i>Rp3.51 Trillion</i>

Source: Secondary Data, 2025

Based on the table above, the Indonesian Islamic banking industry posted a net profit of IDR 10.64 trillion as of September 2024. Based on the Financial Services Authority (OJK) Islamic Banking Statistics, this achievement grew 7.54 % annually (year on year) from the level of IDR 9.89 trillion in September 2023. Islamic commercial banks (BUS) also still dominate the portion of Islamic banking net profit until the third quarter of 2024 with a value of IDR 7.13 trillion . This figure grew 11.48 % compared to the same period the previous year which was worth IDR 6.4 trillion. Growth was also experienced by the Islamic business unit (UUS) group as of September 2024, UUS posted a net profit of IDR 3.51 trillion, up 0.31% from IDR 3.5 trillion compared to the same period last year. This growth trend is partly due to the existence of operating income after the combined profit sharing between BUS and UUS which reached IDR32.17 trillion in the same period, growing 2.51% from IDR31.38 trillion. Meanwhile, other operating income in September 2024 was recorded at IDR7.82 trillion, decreasing 9.64% compared to September 2023's acquisition of IDR8.65 trillion (Financial, 2024).

One of the efforts to provide information is through disclosure of the implementation of corporate social and environmental responsibility or Islamic Social Reporting (ISR). Islamic Social Reporting (ISR) is an extension of social reporting which is not only a great desire of the entire community regarding the role of companies in the economy but is also related to a spiritual perspective. Disclosure of social and environmental accountability in the banking sector is implied in an annual financial report, which is very useful in user decision making ((Ahn and Jun 2007)).

Disclosure of Islamic Social Reporting (ISR) in Islamic banking in Indonesia refers to reporting of corporate social performance based on Islamic principles. Which includes disclosure of various aspects of Islamic bank operational activities related to Islamic values, such as usury-free transactions, zakat management, sharia compliance, and social and environmental contributions. The main objective is to provide information relevant to Islamic principles as a form of transparency and accountability to Allah SWT and society. ISR helps Islamic banks demonstrate their commitment to Islamic principles in their business operations. By disclosing information relevant to Islamic principles, Islamic banks can increase the trust of customers and other stakeholders.

Liquidity is the company's ability to meet short-term obligations (debts). This means that if the company is billed, the company will be able to meet the debt, especially debts that are due. In other words , this liquidity ratio functions to show its obligations that are due, both obligations to meet parties outside the company and within the company ((Fitriana 2024)).

Leverage is the use of debt or loan funds to develop a business or increase investor purchasing power ((Sinaga, Tarigan, and Saragih 2022)). Leverage is an important variable because it is a factor in corporate financing that comes from the use of debt, but many assume that if a company uses a lot of debt in financing, the company will be considered unhealthy because it will cause a decrease in profits so that leverage management is very important for the company (Sumardi and Suharyono 2020).

This research is motivated by the existence of a research gap from previous research. There are several previous research results that have shown a correlation between Liquidity and Leverage on Islamic Social Reporting. Research conducted by (Meliana, Jeandry, and Taher 2022), (Affandi and

Nursita 2019), (Puspawati, Wijayanti, and Abas 2020) stated that Liquidity has a positive effect on Islamic Social Reporting. Meanwhile, (Rachman et al. 2023), Gatandi & Filianti (2021), Luthfiyah (2022) stated that Liquidity has a negative effect on Islamic Social Reporting.

Research by Amri & Sovita (2024), Mais & Alawiyah (2020), Amelia et al. (2023) stated that Leverage has a positive effect on Islamic Social Reporting. Meanwhile, Astuti & Nurkhin (2019), Putra & Aryanti (2021), Affandi & Nursita (2019) stated that Leverage has a negative effect on Islamic Social Reporting.

Based on the description of the background of the problem that has been stated above, the author is interested in discussing it further and choosing to conduct research with the title "The Role of Company Size in Moderating Liquidity and Leverage on Islamic Social Reporting at Islamic Commercial Banks for the 2020-2024 Period".

2. Literature Review

Legitimacy Theory

Legitimacy means limitations on social values, rules and actions so that it is hoped that it can encourage companies or organizations to behave by paying attention to social values in the company environment. Legitimacy theory is related to the values that a company has in carrying out social and environmental relations, therefore legitimacy theory is an important thing for a company (Tuanakotta, 2022).

Stakeholder Theory

Stakeholder means any group or individual who can influence or be influenced by the achievement of organizational goals. Stakeholder theory describes companies carrying out activities that must benefit not only the company but also its stakeholders, such as: workers, managers, investors, suppliers, government, creditors, customers and residents in the company's environment (Sukaharjo, 2021).

Islamic Social Reporting (Y)

Islamic Social Reporting (ISR) is an index containing a set of standard CSR disclosure items that have been adjusted to Islamic sharia principles and determined by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). ISR has two main objectives, namely as a form of accountability to Allah SWT and society, and increasing the transparency of business activities by providing relevant information that is in accordance with the needs of Muslim decision makers (Fauzi, 2023).

Company Size (Z)

Company Size is a measure used to determine the size of a company based on assets, sales, and number of employees. This can be seen from the number of employees, number of shareholders, fixed assets, company sales, and capital of the company itself (Kasmir, 2018). According to Brigham & Houston (2019) Company Size is a measure of how big or small a company is. The bigger the company, the more important it is.

Liquidity (X1)

Liquidity is the company's ability to meet short-term obligations (debts). This means that if the company is billed, the company will be able to meet the debt, especially debts that are due. In other words, this liquidity ratio functions to show its obligations that are due, both obligations to meet parties outside the company and within the company (Aning, 2024).

Leverage (X2)

Leverage is the use of debt or loan funds to develop a business or increase investor purchasing power (Hartono, 2018). A company's policy in leveraging is to measure the level of debt used to finance the company's operating activities. Leverage is used to measure how much of a company's assets are financed by debt. The increase in a company's debt will result in interest expenses which will reduce the company's tax burden (Sumardi & Suharyono, 2020).

Based on the literature review, the following research model can be obtained:

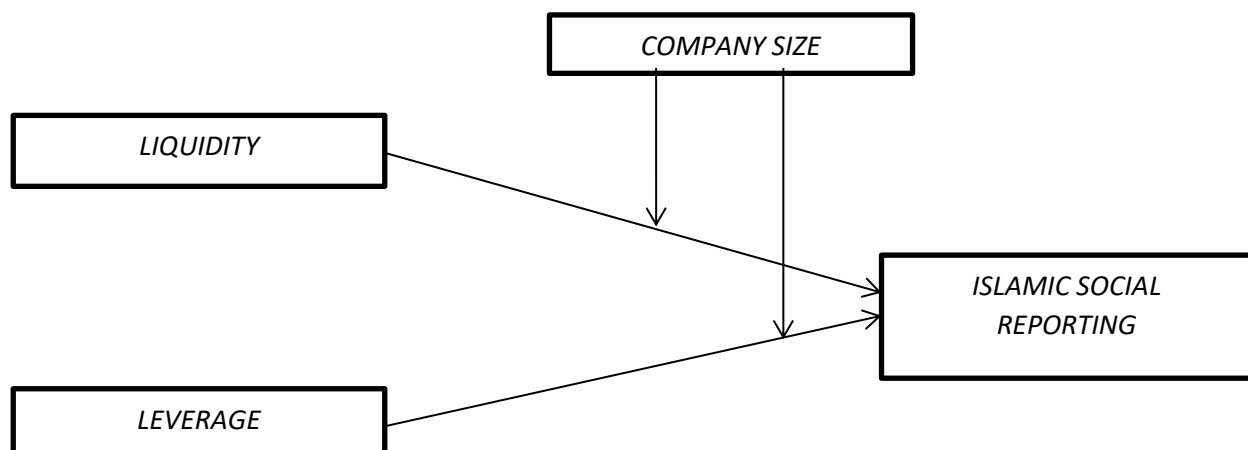


Figure 1. Research Model

In this research, the researcher formulates a hypothesis or temporarily approaches truth or falsehood. However, it is hoped that the answer will most likely be the correct answer.

The Influence of Liquidity on Islamic Social Reporting

This liquidity ratio functions to show obligations that are due, both obligations to meet external parties and within the company (Aning, 2024). Liquidity affects the extent to which a company can fulfill its social obligations in accordance with Islamic principles. Liquid companies tend to have more resources to support social activities and improve the quality of ISR disclosure, thereby helping companies maintain accountability to stakeholders and sharia values. In line with research conducted by Meliana et al ., (2022), Affandi & Nursita (2019), Puspawati et al ., (2020) which " state that liquidity have influence Which significant to ISR disclosure

H1 : There is a significant positive influence between Liquidity and Islamic Social Reporting

The Influence of Leverage on Islamic Social Reporting

A company's policy in leveraging is to measure the level of debt used to finance the company's operating activities. The company must explain to investors, creditors or other stakeholders about their ability to pay debts and the impact of the loan on the company's operational activities. Stakeholder theory states that companies in operating do not only provide benefits for the company itself, but must also pay attention to the interests of stakeholders. In this case, companies that have a high level of leverage try to disclose broader information, one of which is the disclosure of ISR with the aim of convincing stakeholders that the company's credibility is good and eliminating doubts in stakeholders regarding their rights as creditors. In line with research conducted by (Amri and Sovita

2024), (Meliana et al. 2022), Amelia et al (2023) which " state that leverage have influence Which significant to ISR disclosure.

H2 : There is a significant positive influence between Leverage to Islamic Social Reporting

The Influence of Liquidity on Islamic Social Reporting with Company Size as a Moderating Variable

The increasing size of the company followed by the many activities carried out will have an impact on the environment. Large companies have many stakeholders, so they must be careful in their reporting. By disclosing ISR in the company's annual report, in the long term the company can avoid public demands (Affandi and Nursita 2019). Liquidity is one of the important factors in assessing stakeholders in a company. The company will try to develop financial performance to gain public attention, in addition the company also balances the company's business activities with the wishes of the surrounding population in order to maintain the company's sustainability in the future. In large companies, high liquidity has the potential to increase the quality and quantity of ISR disclosure. This is because large companies have a greater capacity to implement social programs and comply with ISR reporting standards. In line with research conducted by (Rozzi 2021), (Dwiyanti et al. 2024), Luthfiyah (2022) which states that company size can moderate the effect of liquidity on ISR disclosure.

H3 : Company Size is able to moderate the influence of Liquidity to Islamic Social Reporting strengthening the influence of Liquidity on ISR.

The Influence of Leverage on Islamic Social Reporting with Company Size as a Moderating Variable

Large companies tend to be careful in reporting. Companies must explain to investors, creditors and other stakeholders about their ability to pay debts and the impact of these loans on the company's operational activities. Thus, the larger the size of the company, the influence of leverage on the company will increase compliance with the ISR index disclosure. Companies that have a high level of leverage usually face more pressure from creditors, therefore, disclosure of social activities is carried out. This is done by large companies in order to provide confidence to creditors that the company is credible and keeps its promises. In line with research conducted by Luthfiyah (2022), (Pratiwi et al. 2020), (Dura 2022) which state that Company size can moderate the effect of leverage on ISR disclosure.

H4 : Company Size is able to moderate the influence of Leverage to Islamic Social Reporting strengthening the influence of Leverage on ISR

3. Method, Data, and Analysis

The methods used in this research are documentation and literature study methods. Where secondary data is the data used in this study. The secondary data was obtained through the website <https://www.ojk.go.id> or also through the official website of each Islamic bank that was the sample, the variables proxied in this study are three variables, namely the independent variable, the dependent variable, and the moderating variable. The population in this study is all Islamic Commercial Banks that have been registered with the Financial Services Authority in the 2020-2024 period, a total of 17 Islamic Commercial Banks with reference to Islamic banking statistical data . In determining the sample in this study, a non-probability sampling technique was used, namely the purposive sampling method.

Table 2. Sample Study

No.	Criteria	Information		Total
		Yes	No	
1.	Islamic General Banks that are registered in Islamic banking statistics Authority Service Finance (OJK) period 2020- 2024	17	-	17
2.	Islamic General Banks that are registered in the Islamic banking statistics of the Financial Services Authority (OJK) in a way consecutive period 2020- 2024	-	7	10
3.	Bank General Sharia Which has published report annual And report sustainability in a way complete period 2020- 2024	10	-	10
4.	Islamic General Bank that provides complete information and data about variables Which will be investigated	10	-	10
Period Study				5 years
Amount Research Sample 10 BUS x 5 years				50

Source: Data processed, 2025

Based on table 2. obtained 17 BUS which are the population of BUS that have been registered in the OJK Islamic banking statistics, 7 of which are not registered consecutively in the OJK Islamic banking statistics for the 2020-2024 period, no Islamic general banks do not publish complete annual reports for the 2020-2024 period, and no Islamic general banks do not provide complete information and data regarding the variables to be studied so that, what can be used as a sample in this study are 10 Islamic General Banks with a research period of 5 years. So the total sample in this study contains 50 data.

Operational Definition of Variables

Islamic Social Reporting (Y)

ISR is measured using the ISR index in the form of a scoring method, namely the assessment points for the disclosure of the ISR index subthemes are 1 for the disclosed subthemes and 0 for the undisclosed subthemes consisting of 51 ISR disclosure index items which are categorized into six, namely investment and funding, products and services, employees, environment, social and corporate governance.

$$ISR = \frac{\text{Item yang Diungkapkan}}{\text{Jumlah Total Item Pengungkapan}}$$

Company Size (Z)

According to Riyanto (2020) variable size company can measured by using formula:

$$\text{Ukuran Perusahaan} = \text{Ln} (\text{Total Asset})$$

Liquidity (X1)

The liquidity ratio is proxied using the current ratio formula. Current ratio is a ratio that compares the amount of current assets with current liabilities. Current ratio can be formulated using the following formula:

$$\text{Current Ratio} = \frac{\text{Current Asset}}{\text{Current Liabilities}}$$

Leverage (X2)

According to Kasmir (2017) this leverage ratio is proxied by the Debt to Equity Ratio (DER) formula. Debt to Equity Ratio is a ratio used to assess debt with equity. This DER is a measure used in analyzing financial statements to show the magnitude guarantee Which available For creditors. Debt to Equity This ratio can measured with formula as follows:

$$\text{Debt to Equity Ratio} = \frac{\text{Total Liabilitas}}{\text{Total Ekuitas}}$$

4. Result and Discussion

Descriptive Analysis

This study uses a sample of Islamic Commercial Banks registered with the Financial Services Authority and takes an observation period of 5 years starting from 2020 to 2024. Descriptive statistical analysis is presented in table 3 as follows:

Table 3. Descriptive Statistics

<i>Variables</i>	<i>Mean</i>	<i>Median</i>	<i>Min</i>	<i>Max</i>	<i>Standard Deviation</i>
<i>Liquidity (X₁)</i>	24,533	20,050	5,580	73,700	15.225
<i>Leverage (X₂)</i>	1,531	1.140	0.190	9,620	1,729
<i>ISR(Y)</i>	0.637	0.630	0.570	0.760	0.044
<i>Company Size (Z)</i>	0.267	0.270	0.190	0.310	0.034

Source: PLS 3.0 Output

Based on the results of the descriptive statistical test, the results obtained are in Table 3, so the analysis of the results is as follows:

Minimum value Liquidity (X₁) of 5,580 and a maximum value of 73,700. The mean value is 24,533, the median value is 20,050 and the standard deviation value is 15,225. The minimum value of Leverage (X₂) is 0.190 and a maximum value of 9,620. The mean value is 1,531, the median value is 1,140 and the standard deviation value is 1,729. The minimum value of ISR (Y) is 0.570 and a maximum value of 0.760. The mean value is 0.637, the median value is 0.630 and the standard deviation value is 0.044. The minimum value of Company Size (Z) is 0.190 and a maximum value of 0.310. The mean value is 0.267, the median value is 0.270 and the standard deviation value is 0.034.

Variance Inflation Factor (VIF) Test

This test is intended to evaluate collinearity. Multicollinearity is a phenomenon in which two or more independent variables or exogenous constructs are highly correlated, causing the model's predictive ability to be poor. The VIF value must be less than 5, because if it is more than 5 it indicates collinearity between constructs 'Sarstedt et al (Furadantin, 2018:4). From the test, the results of the data processing are known in table 4:

Table 4. Variance Inflation Factor (VIF) Test Results

	VIF
Liquidity (X1)	1,000
Leverage (X2)	1,000
ISR(Y)	1,000
Company Size (Z)	1,000
Liquidity (X1)*Company Size (Z)	1,000
Leverage (X2)*Company Size (Z)	1,000

Source: PLS 3.0 Output

Based on table 4, the resulting Variance Inflation Factor shows that the Liquidity (X1), Leverage (X2), Islamic Social Reporting (Y), and Company Size (Z) variables have a Variance Inflation Factor value of less than 5, so there is no collinearity between the constructs.

Coefficient of Determination (R²)

This test is intended to assess how much the endogenous construct can be explained by the exogenous construct. The results of the data processing can be seen in table 5 as follows:

Table 5. Results of the Determination Coefficient Test (R²)

	R Square	Adjusted R Square
ISR(Y)	0.600	0.555

Source: PLS 3.0 Output

Based on table 5 above shows the R-Square Adjusted value of the ISR (Y) variable of 0.555 or 55.5%, this value means that the ISR (Y) variable can be explained to have an influence of 55.5% and 44.5% can be explained by other variables not included in this study. So it can be concluded that ISR has a weak value in influencing other variables.

Cross-Validated Redundancy (Q²)

Q-square can be seen in the results of the blindfolding calculation in the construct cross validated redundancy section . The results of the calculation can be seen in table 6 below.

Table 6. Construct Cross Validated Redundancy

	SSO	SSE	Q ² (=1-SSE/SSO)
Liquidity (X1)	50	50	
Leverage (X2)	50	50	
ISR(Y)	50	25.175	0.497
Company Size (Z)	50	50	
X1*Z	50	50	
X2*Z	50	50	

Source: PLS 3.0 Output

Based on the calculation results in table 6, the Q2 value is 0.497. Because the Q2 value is more than 0, the model has met the predictive relevance where the model has been reconstructed well.

HYPOTHESIS TESTING

Table 7. Hypothesis Testing

	<i>Original Sample (O)</i>	<i>Sample Mean (M)</i>	<i>Standard Deviation (STDEV)</i>	<i>T Statistics (O/STDEV)</i>	<i>P Values</i>
<i>Liquidity (X1) -> ISR (Y)</i>	0.389	0.366	0.151	2,583	0.001
<i>Leverage (X2) -> ISR (Y)</i>	0.747	0.737	0.252	2.965	0.003
<i>Company Size (z) -> ISR (Y)</i>	-0.293	-0.284	0.086	3.411	0.001
<i>X1*Z -> ISR(Y)</i>	0.015	0.03	0.142	0.103	0.918
<i>X2*Z -> ISR(Y)</i>	0.161	0.144	0.141	1.142	0.254

Source: PLS 3.0 Output

In testing the hypothesis of the Bootstrapping resampling method on SEM,-PLS. Based on the results of the hypothesis testing table 7, the following results were obtained:

1. The first hypothesis states that Liquidity has a significant effect on Islamic Social Reporting . The results show that the Liquidity variable has a coefficient of 0.389. The T -statistic value is 2.583 with a p-value of 0.001. This shows that the p-value of 0.001 <0.05, so it can be concluded that the Liquidity variable has a significant and positive effect on Islamic Social Reporting and the first hypothesis is accepted.
2. The Second Hypothesis states that Leverage has a significant effect on Islamic Social Reporting. The results show that the Leverage variable has a coefficient of 0.747. The T -statistic value is 2.965 with a p-value of 0.003. This shows that the p-value of 0.003 <0.05, so it can be concluded that the Leverage variable has a significant and positive effect on Islamic Social Reporting and the second hypothesis is accepted.
3. third hypothesis states that Liquidity has a significant effect on Islamic Social Reporting with Company Size as Moderation. The results show that the Liquidity variable through Company Size has a coefficient of 0.015. The T -statistic value is 0.103 with a p-value of 0.918. This shows that the p-value of 0.918 > 0.05, so it can be concluded that the Liquidity variable does not have a significant and positive effect on Islamic Social Reporting with Company Size as moderation and the third hypothesis is rejected.
4. The fourth hypothesis states that leverage has a significant effect on Islamic Social Reporting with Company Size as Moderation. The results show that the Liquidity variable through Company Size has a coefficient of 0.161. The T -statistic value is 1.142 with a p-value of 0.254. This shows that the p-value of 0.254 > 0.05, so it can be concluded that the Leverage variable does not have a significant and positive influence on Islamic Social Reporting with Company Size as a moderation and the fourth hypothesis is rejected.

5. Discussion

1. The Influence of Liquidity on Islamic Social Reporting

The results of this study indicate that Liquidity has a significant effect on Islamic Social Reporting. This can be seen from the test results which show that the significance value of the Liquidity variable is less than 0.05, which is 0.001. This means that Liquidity has an effect on Islamic Social Reporting. The results of this study indicate that the greater the Liquidity, the greater the value of Islamic Social

Reporting at Islamic Commercial Banks registered with the Financial Services Authority for the 2020-2024 period.

This can be interpreted that the higher the company's liquidity, the company will disclose ISR more widely in its annual report, this is done to increase the trust of creditors and investors to invest in the company and to obtain a good image from the public. In line with stakeholder theory which states that a company must create a positive and strong image in the eyes of its stakeholders by disclosing ISR practices.

The results of this study support the research conducted by (Meliana et al. 2022), (Affandi and Nursita 2019), (Jati et al. 2020), (Puspawati et al. 2020), and (Rachman et al., 2023).

2. The Influence of Leverage on Islamic Social Reporting

The results of this study indicate that Leverage has a significant effect on Islamic Social Reporting. This can be seen from the test results which show that the significance value of the Leverage variable is smaller than 0.05, which is 0.003. This means that Leverage has an effect on Islamic Social Reporting. The results of this study indicate that the greater the Leverage, the greater the value of Islamic Social Reporting at Islamic Commercial Banks registered with the Financial Services Authority for the 2020-2024 period.

In line with stakeholder theory which states that companies in operating do not only provide benefits for the company itself, but must also pay attention to the interests of stakeholders. In this case, companies that have a high level of leverage try to disclose broader information, one of which is the disclosure of ISR with the aim of convincing stakeholders that the company's credibility is good and eliminating doubts in stakeholders regarding their rights as creditors.

The results of this study support research conducted by (Amri and Sovita 2024), (Meliana et al. 2022), (Krisnaji 2010), (Mias and Alawiyah Tuti 2020), and (Ulya & Khabib, 2023).

3. The Influence of Liquidity on Islamic Social Reporting with Company Size as a Moderating Variable

These results indicate that the interaction between Liquidity and Islamic Social Reporting through Company Size has an insignificant effect with a positive relationship. This can be seen from the significance value of 0.918 which is greater than 0.05. These results indicate that Company Size is able to strengthen the influence of Liquidity on Islamic Social Reporting. However, Company Size does not play a role in moderating the relationship between Liquidity and Islamic Social Reporting. This is not in line with research conducted by (Rozzi 2021), (Wijaya 2015), and (Luthfiyah, 2022).

Larger companies do have more resources to conduct ISR disclosures, such as larger teams and larger budgets. However, this does not necessarily mean that these companies are more responsive to liquidity needs related to ISR disclosures. Larger companies are sometimes more focused on more traditional financial and operational aspects, and may be slower to adapt more environmentally or socially friendly disclosure policies. Regarding regulation and market pressure, larger companies are often exposed to more regulation and pressure from shareholders, so they may be more focused on meeting legal obligations related to disclosure. In contrast, smaller, more flexible companies can more quickly adapt to market trends that urge them to pay more attention to sustainability and more transparent social disclosure.

4. The Influence of Leverage on Islamic Social Reporting with Company Size as a Moderating Variable

These results indicate that the interaction between leverage and Islamic Social Reporting through Company Size has no significant effect with a positive relationship. This can be seen from the

significance value of 0.254 which is greater than 0.05. These results indicate that Company Size is able to strengthen the influence of Liquidity on Islamic Social Reporting. However, Company Size does not play a role in moderating the relationship between Liquidity and Islamic Social Reporting. The results of this study do not support the research conducted by (Luthfiah 2022), (Yusuf and Shayida 2020), and (Lestari and Mochlasin 2021). However, this study supports the research gap conducted by (Wijaya 2015), (Amalia et al. 2023), and (Setiyani and Citradewi 2023)

In this case, company size cannot moderate the effect of leverage on ISR disclosure. The high level of leverage that occurs in a company can reduce the reporting of the company's social activities issued so that it is not highlighted by stakeholders. The size of the company does not affect the size of the company's leverage.

6. Conclusion and Suggestion

From the test results of the study, it shows that the Liquidity variable has a significant effect on Islamic Social Reporting. For this reason, Islamic Commercial Banks are expected to pay attention to the Liquidity ratio in their companies because it can affect ISR disclosure. For example: For companies, prioritizing their liquidity management so that the company has sufficient funds to finance the ISR program without disrupting its operations. And it shows that the Leverage variable has a significant effect on Islamic Social Reporting. For this reason, Islamic General Banks Period are expected to pay attention to the Leverage ratio in their companies because it can affect ISR disclosure. For example: For companies, it can optimize and balance debt to increase transparency and strengthen sharia governance. Company Size is not able to moderate the influence of Leverage and Liquidity on Islamic Social Reporting. Therefore, Islamic Commercial Banks do not need to prioritize increasing Leverage in expanding ISR disclosure. For example: For companies, there is no need to increase Leverage, because the high level of Leverage that occurs in companies can reduce the reporting of corporate social activities issued so that it is not highlighted by stakeholders and focuses more on optimizing leverage.

7. Reference

- Affandi, Hendri, and Meta Nursita. 2019. "Profitabilitas, Likuiditas, Leverage, Dan Ukuran Perusahaan: Sebuah Analisis Islamic Social Reporting (ISR) Pada Perusahaan Yang Terdaftar Di JII." *Majalah Ilmiah Bijak* 16(1):1–11. doi: 10.31334/bijak.v16i1.318.
- Ahn, Youngmee, and Yonghoon Jun. 2007. "Measurement of Pain-like Response to Various NICU Stimulants for High-Risk Infants." *Early Human Development* 83(4):255–62. doi: 10.1016/j.earlhumdev.2006.05.022.
- Amalia, Dian, Sunarsih Sunarsih, and Siti Nor Amira Mohamad. 2023. "The Effect of Profitability, Liquidity and Leverage on Disclosure of Islamic Social Reporting with Company Size as a Moderating Variable in Pharmaceutical Sub-Sector Companies Registered at ISSI." *Talaa : Journal of Islamic Finance* 3(1):63–78. doi: 10.54045/talaa.v3i1.724.
- Amri, Zahra, and Ingra Sovita. 2024. "Analisis Pengaruh Profitabilitas, Likuiditas, Leverage, Dan Tax Avoidance Terhadap Pengungkapan Islamic Social Reporting (ISR)." *Jurnal Akuntansi Keuangan Dan Bisnis* 1(4):892–910.
- Dura, Justita. 2022. *Teori Akuntansi*.
- Dwiyanti, Khaerunnisa, Rina Mudjiyanti, Hadi Pramono, and Ira Hapsari. 2024. "Pengaruh Dewan Komisaris, Kepemilikan Institusional, Dewan Pengawas Syariah, Profitabilitas, Dan Leverage Terhadap Pengungkapan Islamic Social Reporting." *Reviu Akuntansi Dan Bisnis Indonesia* 8(3):438–51. doi: 10.18196/rabin.v8i3.23591.
- Fitriana, Aning. 2024. *Analisis Laporan Keuangan*.
- Jati, Kwat Waluyo, Linda Agustina, Indah Muliarsari, and Diah Armeliza. 2020. "Islamic Social Reporting Disclosure as a Form of Social Responsibility of Islamic Banks in Indonesia." *Banks and Bank*

- Systems* 15(2):47–55. doi: 10.21511/bbs.15(2).2020.05.
- Krismiaji. 2010. "Standar Akuntansi: Kajian Kritis Principle-Based Versus Rule-Based." *Wahana: Jurnal Ekonomi, Manajemen Dan Akuntansi* 13(1):1–15.
- Lestari, Desy Dwi Ayu, and Mochlasin Mochlasin. 2021. "Peran Moderasi Ukuran Perusahaan Terhadap Faktor-Faktor Yang Mempengaruhi Islamic Social Reporting." *JAS (Jurnal Akuntansi Syariah)* 5(2):110–25. doi: 10.46367/jas.v5i2.387.
- Meliana, Gregorius Jeandry, and Juliana Taher. 2022. "Pengaruh Ukuran Perusahaan, Profitabilitas, Leverage Dan Likuiditas Terhadap Pengungkapan Islamic Social Reporting (ISR) Pada Bank Umum Syariah Di Indonesia Tahun 2015-2019." *Jurnal TRUST Riset Akuntansi* 9(2):1–15.
- Mias, Rimi Gusliana, and Alawiyah Tuti. 2020. "Pengaruh Profitabilitas, Leverage, Likuiditas, Dan Dewan Komisaris Independen Terhadap Pengungkapan Islamic Social Reporting(ISR) Pada Perbankan Syariah Di Indonesia Tahun 2015-2018." *Jurnal STEI Ekonomi* 29(02):57–77.
- Nastiti, Ari Sita, and Agung Ivan Firdaus. 2019. "Menuju Tiga Dekade Perkembangan Perbankan Syariah Di Indonesia." *JIAI (Jurnal Ilmiah Akuntansi Indonesia)* 4(2):75–84. doi: 10.32528/jiai.v4i2.2660.
- Pratiwi, Aliah, Nafisah Nurulrahmatia, and Puji Muniarty. 2020. "Pengaruh Corporate Social Responsibility (CSR) Terhadap Profitabilitas Pada Perusahaan Perbankan Yang Terdaftar Di BEI." *Owner* 4(1):95. doi: 10.33395/owner.v4i1.201.
- Puspawati, Dewita, Rita Wijayanti, and Novel Idris Abas. 2020. "Islamic Social Reporting (ISR) Disclosure: Financial Performance Factor." *Sriwijaya International Journal of Dynamic Economics and Business* 4(3):229–40. doi: 10.29259/sijdeb.v4i3.229-240.
- Rachman, Dicky, Arif Afendi, Wahab Wahab, and Muhammad Rasyidin. 2023. "The Influence Of Company Size, Liquidity, Profitability, And Leverage On Islamic Social Report Disclosure." *AL-ARBAH: Journal of Islamic Finance and Banking* 5(2):105–24. doi: 10.21580/al-arbah.2023.5.2.18001.
- Rozzi, Muhammad Fathur. 2021. "Analisis Determinan Pelaporan Islamic Social Reporting (Isr) Pada Bank Umum Syariah Indonesia Tahun 2015-2019." *An-Nisbah: Jurnal Ekonomi Syariah* 8(1):130–55. doi: 10.21274/an.v8i1.3566.
- Setiyani, Norma, and Adelina Citradewi. 2023. "Firm Size In Moderate Factors Affecting Islamic Social Reporting Financial Performance Of Islamic Insurance Companies Before And During The Covid-19 Pandemic Institutional Ownership, Tax Planning And Tax Avoidance Effect On Firm Value The Role Of Women Ch." *Arum Pujiastuti JAS* 7(2):134–267.
- Sinaga, Mahaitin Hasohan, Wico Jontarudi Tarigan, and Marintan Saragih. 2022. "Pengukuran Kinerja Portofolio Investasi Dengan Menggunakan Indeks Sharpe Pada Emiten Sektor Transportasi Dan Logistik Yang Terdaftar Di Bursa Efek Indonesia Sebelum Dan Selama Masa Pandemic Covid - 19." *Owner* 6(4):3541–52. doi: 10.33395/owner.v6i4.1200.
- Sumardi, Rebin, and Suharyono. 2020. *Dasar-Dasar Manajemen Keuangan*.
- Wijaya, Azusa Rahman. 2015. "Analisis Peran Event Marketing We Starmusic Dalam Menjaga Brand Loyalty Bir Bintang Pilsner." *Jurnal Ilmiah Universitas Bakrie*.
- Yusuf, Muhamad, and Nurul Shayida. 2020. "Pengaruh Profitabilitas Dan Leverage Terhadap Pengungkapan Islamic Social Reporting Dengan Ukuran Perusahaan Sebagai Pemoderasi Papa Perusahaan Di JII." *AKRUAL: Jurnal Akuntansi Dan Keuangan* 2(1):1–17. doi: 10.34005/akrual.v2i1.1041.