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## The Effect of Islamic Corporate Governance and Maqashid Sharia Index on Islamic Social Reporting

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Article Info	Abstract
<p><b>Keywords:</b></p> <ul style="list-style-type: none"><li>○ <i>Islamic Social Reporting</i>,</li><li>○ <i>Islamic Corporate Governance</i>,</li><li>○ <i>Maqashid Sharia Index</i></li></ul>	<p><b>Purpose</b> – This study aims to examine, analyze, and obtain empirical evidence regarding the effect of Islamic Corporate Governance and Maqashid Sharia Index on Islamic Social Reporting of the Largest Islamic Banks in the World. From the results of the study it is known that the Islamic Corporate Governance variable significantly affects Islamic Social Reporting, while the Maqashid Sharia Index variable does not significantly affect Islamic Social Reporting.</p> <p><b>Design/methodology/approach</b> – This study uses secondary data in the form of annual reports or sustainability reports and other information of Islamic Banks. The samples in this study were the 10 Largest Islamic Banks in the World selected using purposive sampling technique. The research implementation time was for 6 periods from 2017 - 2022. Research using panel data with panel regression models and data processing software using Eviews</p> <p><b>Findings</b> – This research is expected to provide information related to Islamic social reporting and provide benefits in making the right decisions and can be used as a reference for further research</p> <p><b>Research limitations/implications</b> – This study has several limitations that should be considered when interpreting the results. First, the sample size is limited to the 10 largest Islamic banks in the world, which may not fully represent the diversity of Islamic banks globally.</p> <p>Implications for future research include the need to expand the sample size to include a more diverse range of Islamic banks, both in terms of size and geographic spread, as well as extending the study period to capture more longitudinal data. Researchers could also explore qualitative methods to gain a deeper understanding of the motivations behind Islamic Social Reporting and the role of different governance frameworks in influencing these disclosures. Moreover, the non-significant effect of the Maqashid Sharia Index on ISR suggests a need for further investigation into the relationship between Islamic principles and reporting practices in Islamic financial institutions.</p>
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## INTRODUCTION

Non-compliance with sharia principles has led to an increase in fraud in Islamic banks. Such as the corruption case of Bank NTB Syariah related to non-performing financing reports worth Rp24 billion (Pratama 2024). This can occur due to the poor governance of Islamic banks.

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Therefore, it is imperative for Islamic bank operations to ensure that sharia principles are applied when managing customer funds (Salman 2021). Fulfilling corporate social responsibility in accordance with sharia principles is one form of compliance for Islamic financial institutions. Corporate social responsibility (CSR) activities were initially voluntary and not compulsory. However, now CSR activities are one of the obligations that must be carried out by companies as a form of responsibility and attitude of corporate concern for the environment and society. This is as stated in the Government Regulation of the Republic of Indonesia Number 47 of 2012 concerning social and environmental responsibility of Limited Liability Companies. Article 7 states that companies that do not carry out social and environmental responsibilities will be subject to sanctions in accordance with the provisions of laws and regulations (Presiden\_RI 2012). We can also find this social responsibility obligation implicitly in the Word of Allah SWT in Q.S Al-Baqarah verse 30:

وَإِذْ قَالَ رَبُّكَ لِلْمُلِكَةِ إِنِّي جَاعِلٌ فِي الْأَرْضِ خَلِيفَةً ۖ قَالُوا أَتَجْعَلُ فِيهَا مَنْ يُفْسِدُ فِيهَا وَيَسْفِكُ الدِّمَاءَ وَنَحْنُ نُسَيْحُ بِحَمْدِكَ وَنُقْسِنُ لَكَ قَالَ إِنِّي أَعْلَمُ مَا لَا تَعْلَمُونَ ۖ

'Remember' when your Lord said to the angels, "I am going to place a successive 'human' authority on earth." They asked 'Allah', "Will You place in it someone who will spread corruption there and shed blood while we glorify Your praises and proclaim Your holiness?" Allah responded, "I know what you do not know." (Quran.com 2024)

This shows that the concept of CSR in Islam has a broad meaning, namely the awareness of humans on earth as caliphs or leaders who are responsible for the earth they inhabit. Therefore, conducting corporate CSR activities is also a responsibility to Allah SWT. Under the conventional framework, corporate social responsibility reporting is limited to material and ethical considerations, there is a need for a specific framework that complies with sharia principles for social responsibility reporting, especially in Islamic banking. Islamic Social Reporting (ISR) is an index created by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as a standard for the implementation of social responsibility in Islamic banking. Sharia principles such as speculation and *gharar*, usury-free transactions, zakat disclosure, sharia compliance status, and social elements such as *waqaf*, *sadaqah*, and *qardul hasan* are included in ISR (Riyanti 2021). Islamic banks in the GCC (Gulf Cooperation Council) region which consists of six countries: United Arab Emirates (UAE), Bahrain, Saudi Arabia, Oman, Qatar, and Kuwait (MoFA 2023) are in a stable position with strong prospects for Islamic finance. Islamic banking growth is expected to exceed 10% (Sanders 2023). This is due to the increasing popularity of sharia compliance among its members. Islamic banks in the region are also among the largest Islamic banks in the world. Therefore, the author is interested in examining the Disclosure of Islamic Social Reporting on these banks.

Customers of CIMB Group (Malaysia), Gatehouse Bank (UK), Habib Bank Limited (Pakistan), Islamic Bank Australia (Australia) and Jaiz Bank (Nigeria) participated in the global survey, and the majority of respondents (87%) stated that they are willing to pay more for products that support the UN Sustainable Development Goals. CEO of Gatehouse Bank, Charles Haresnape, believes that Shariah principles are naturally aligned with an ethical and sustainable banking framework. Hasan Usman, CEO of Jaiz Bank, said that Islamic financial institutions do not lend money to companies that are considered harmful to society. He

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emphasized that Islamic financial institutions will not support companies that jeopardize the balance of the ecosystem and damage certain environmental features (Macknight 2023). This shows that achieving Maqashid Shariah, or human welfare, is the goal of sharia principles. Based on previous research, the Sharia Maqashid Index is one of the variables that can influence the Islamic Social Reporting (Khoiriayah and Salman 2020; K R Salman, Muslich, and ... 2018; Kautsar Riza Salman 2021). Other variables that can affect the Islamic Social Reporting are company size, profitability, company age, leverage, liquidity, Capital Adequacy Ratio, Muslim Population Ratio, Intellectual Capital, Awards, Tax Aggressiveness, Investment Account Holder, Non-Performing Financing, and Islamic Corporate Governance. However, in this study, the focus is on the Islamic Corporate Governance variable and the Maqashid Sharia Index. Because based on the issues described above and the lack of research on the influence of the Maqashid Sharia Index on the Islamic Social Reporting, the authors chose these variables to be the focus of research.

The gap found in research on the effect of Islamic Corporate Governance on the Islamic Social Reporting where in research (Budi & Rahmawati Prof, 2019; Kasih & Rini, 2018; Nuraeni & Rini, 2019; Riyanti, 2021; Rosita & Kurniawati, 2022; Siagian et al., 2022) found a positive influence, while in research (Suryadi and Lestari 2018).stated that there was no significant effect, so this research is important to overcome this gap and add research references. To the author's knowledge, there has been no research on the Islamic Social Reporting conducted on the ten largest Islamic banks in the world, therefore the authors are interested in seeing the effect of Islamic Corporate Governance and the Maqashid Syariah Index on the Islamic Social Reporting in these banks

## LITERATUR REVIEW

### *Tawhidi String Relation*

Tawhidi String Relation is an Islamic economic methodology that uses the Quran as a source of knowledge and utilizes the process of shura, or the interaction, integration, and development of human knowledge (Sholihin n.d.). Empirical developments in science occur regularly. These developments can be good or bad. Thus, every aspect of science, including empirical science, must incorporate divine values to ensure that science continues to advance within the boundaries of Allah SWT. (Amruddin 2022). In verse 2 of Al-Baqarah, it is stated that if it is used in a way that is in accordance with the Quran and Sunnah, it will produce something that fulfills the promise of Allah SWT in the Quran for human welfare. This Book (Qur'an) is a guide for the pious, and there is no doubt in it.

### *Stakeholder theory*

Stakeholder theory, which holds that corporate accountability is tied to all stakeholders, was initially developed by Freeman (1976). Not just itself, but all stakeholders must gain from the company's operations. Stakeholder groups will be taken into account by management when releasing information regarding company reports. The objective is to maximize the company's worth while reducing the harm that their actions cause to stakeholders (Primandita Fitriandi 2020).

### *Hypotheses development*

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Islamic corporate governance is defined as applying sharia principles to corporate governance in order to achieve public benefit. ICG is determined by whether a Sharia Supervisory Board or DPS is present. The Islamic Governance Score will rise in value if there is a DPS. There exists a favorable correlation between the ISR disclosure index and the ICG disclosure index. This is consistent with studies that show Islamic Social Reporting benefits from Islamic Corporate Governance (Budi & Rahmawati Prof, 2019; Kasih & Rini, 2018; Nuraeni & Rini, 2019; Riyanti, 2021; Rosita & Kurniawati, 2022; Siagian et al., 2022). In contrast to the findings of (Suryadi and Lestari, 2018) study, Islamic Governance Score has no discernible impact on Islamic Social Reporting. Drawing from prior research and the explanation of how Islamic Corporate Governance affects Islamic Social Reporting, the researcher formulates the following hypothesis:

H<sub>1</sub>: Islamic Corporate Governance positively affects Islamic Social Reporting.

The three primary components of the Maqashid Sharia Index are education, justice, and benefit. It is a tool used to assess how well Islamic banks are performing in relation to the goals of Islamic law, which include safeguarding property, religion, soul, mind, and children. There exists a positive correlation between the Maqashid Sharia Index and the Islamic Social Reporting index. This is in line with studies that show the Maqashid Sharia Index has a favorable impact on Islamic social reporting (Khoiriyah and Salman 2020; K R Salman, Muslich, and ... 2018; Kautsar Riza Salman 2021). Considering the aforementioned research and the explanation of how the Maqashid Sharia Index affects Islamic social reporting, the researcher formulates the following hypothesis:

H<sub>2</sub>: Maqashid Sharia Index has a positive effect on Islamic Social Reporting.

## RESEARCH METHOD

Purposive sampling is a non-probability sampling design used in this study. This study uses panel data consisting of a combination of cross-section and time series, and hypothesis testing is used to analyze the data. The sample in this study is the 10 Largest Islamic Banks in the World (2021 Plan) during the period 2017 to 2022. Since this is the time before and after the economic crisis caused by the Covid-19 pandemic, the resulting data is expected to be more accurate. Selected as a research subject because to the best of the author's knowledge until now there has been no research on the Islamic Social Reporting on the largest Islamic banks in the world.

**Table 1. Research Objects**

No	Bank Name	Kode	Record Date	Address
1	Al Rajhi Bank	1220	01 Desember 1988	Riyadh Al Muruj District King Fahed Road Al Rajhi Bank Tower PO Box: 28 Riyadh: 11411
2	Dubai Islamic Bank	DIB	25 Maret 2000	Head office Building 2, Al Maktoum Road, Opposite DNATA, Deira, P.O. Box 1080, Dubai

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3	Kuwait Finance House	KFH	29 September 1984	Abdulla Al-Mubarak Street - Mirqab - Kuwait.12530
4	Maybank Islamic	1155	17 Februari 1962	Level 30, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur
5	Qatar Islamic Bank.	QIBK	26 Mei 1997	Grand Hamad Street, QIB Building, Doha, 559, Qatar
6	Alinma Bank	1150	03 Juni 2008	King Fahad Road, P.O. Box 66674, Riyadh, 11586, Kingdom of Saudi Arabia
7	Abu Dhabi Islamic	ADIB	15 November 2000	P.O.Box 313, Abu Dhabi, Abu Dhabi
8	Masraf Al Rayan	MARK	19 Juni 2006	Al Add Al Sharqi Street 69, Lusail City, PO BOX 28888, Doha, State of Qatar
9	Al Baraka Banking Group	BARKA	27 Juni 2002	AlBaraka Headquarters, Bahrain Bay, P.O.Box 1882, Manama, Kingdom of Bahrain
10	CIMB Islamic Bank	CIMB	09 September 2009	17th Floor Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral 50470 Kuala

Source: Data processed from Saudi Exchange (Tadawul), Dubai Financial Market, Boursa Kuwait, Bahrain Bourse, Qatar Stock Exchange, Bursa Malaysia (2023)

## *Operationalization of research variables*

In this study, two categories of variables were used: dependent variables and independent variables. These variables are as follows:

### a. Dependent variable

The dependent variable used in this study is the Islamic Social Reporting.

#### - Islamic Social Reporting

According to Puspasari & Muzakki (2021), "Sharia principles serve as the fundamental basis for Islamic Social Reporting (ISR). Corporate social reporting primarily focuses on material, moral, and spiritual components, all of which are produced by the sharia principles in ISR. Islamic social reporting, or ISR, is a development of social reporting that connects to a spiritual viewpoint in addition to the community's shared goal for businesses to play a larger role in the economy."

### b. Independent Variables

The independent variables used in this study are as follows:

#### - Islamic Corporate Governance

According to Badruzaman (in Siagian et al., 2022), Islamic corporate governance (ICG), which aims to safeguard the interests of stakeholders who uphold sharia principles, is one way that corporate governance in Islam promotes good corporate governance in businesses. As Farook states (in Riyanti, 2021)"IGS is measured by the number of DPS, the existence of DPS members, the educational background and experience of DPS members, and cross membership which is a proxy for the characteristics of the sharia supervisory board."

#### - Maqashid Sharia Index

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The concept of maqasidh sharia was created by Ash-Syatibi, a scholar. It originates from the idea that sharia's goal is to reap the rewards of both this world and the next (Ida Busneti et al. 2023). According to Salman (2021), the Maqashid Sharia Index (MSI) uses three indicators: creating benefits, defending justice (*iqamatul 'adl*), and educating people (*tahdzibul fardhu*). Maqashid Sharia, to put it briefly, is the goal of Sharia to maintain Sharia for Muslims. This objective is fundamentally centered on the wellbeing of humanity (Faisal, Etty Murwaningsari, and Tatik Mariyanti 2023).

**Table 2. Measuring instruments and variable measurement sources**

Concept	Variable	Measuring Instruments	Source
Dependent	Islamic Social Reporting	<div style="display: flex; justify-content: space-between;"> <div style="text-align: center;"> <p>Total score of information disclosed</p> <p>Maximum total score</p> </div> </div>	Budi Riyanti & Mokhammad Khukaim Barkhowa, 2021
Independent	Islamic Corporate Governance	<div style="display: flex; justify-content: space-between;"> <div style="text-align: center;"> <p>The number of DPS character scores that are met</p> <p>Maximum total score</p> </div> </div>	Rama dan Novela, 2015
	Maqashid Sharia Index	<div style="display: flex; justify-content: space-between;"> <div style="text-align: center;"> <p>T1. Education</p> <p>T2. Justice</p> <p>T3. Prosperity</p> </div> </div>	Mohammed, Razak, dan Taib (2008)
$MSI = T1+T2+T3$			

## RESULTS

### Descriptive statistics

**Table 3. Descriptive Statistics**

	ISR	C	ICG	MSI
Mean	0.627519	1.000000	2.338983	1.250612
Median	0.619000	1.000000	3.000000	1.093500
Maximum	0.833300	1.000000	3.000000	3.931000
Minimum	0.381000	1.000000	0.000000	0.390200
Std. Dev.	0.107730	0.000000	1.027387	0.682233
Skewness	-0.439210	NA	-1.484184	1.702816
Kurtosis	3.016192	NA	3.880598	6.209855
Jarque-Bera	1.897551	NA	23.56721	53.84118
Probability	0.387215	NA	0.000008	0.000000
Sum	37.02360	59.000000	138.0000	73.78610
Sum Sq. Dev.	0.673133	0.000000	61.22034	26.99564
Observations	59	59	59	59

ISR = Islamic Social Reporting, ICG = Islamic Corporate Governance, MSI = Maqashid Sharia Index  
Source: processed data (2023)

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The table above shows that there are 59 observations (unbalanced) during the 2017 - 2022 research period. The disclosure of the Islamic Social Responsibility Report has a range of values between the lowest 0.381 to the highest 0.833 with an average value of 0.627. Banking with the highest Islamic Social Reporting value is Al Rajhi Bank in 2020 - 2022. Islamic Governance has a range of values between the lowest 0.000 to 3.000 with an average value of 2.338. Banks with the highest Islamic Corporate Governance scores include Dubai Islamic Bank (2020-2022), Kuwait Finance House (2017-2022), Maybank Islamic (2017-2022), Alinma Bank (2021-2022), Abu Dhabi Islamic Bank (2017-2022), Masraf Al Rayan (2017-2022), Al Baraka Banking Group (2017-2022), and CIMB Islamic Bank (2022). The Maqashid Sharia Index ranges from a low of 0.390 to 3.931 with an average value of 1.250. The bank with the highest Maqashid Sharia Index value is CIMB Islamic Bank in 2020.

## Panel Data Regression Model Selection

**Table 4. Chow Test**

Effects Test	Statistic	d.f.	Prob.
Cross-section F	42.140583	(9,47)	0.0000
Cross-section Chi-square	130.089938	9	0.0000

Source: processed data (2023)

Based on the results of the Chow Test using Eviews9 states that the probability value of Cross Section F is 0.00 which is less than the significance level value ( $\alpha = 0.05$ ). This means that the best model used is the Fixed Effect Model (FEM). Then the Hausman Test is needed to choose the best model between the Fixed Effect Model and the Random Effect Model.

**Table 5. Hausman Test**

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	7.090833	2	0.0289

Source: processed data (2023)

Based on the results of the Hausman Test, the probability value is 0.0289 where this result is less than the significance level value ( $\alpha = 0.05$ ). In this case, it means that the best model used is the Fixed Effect Model (FEM).

## Regression results

The panel data regression estimation results using the Fixed Effect Model (FEM) show the test results with panel data regression, then from these results the model equation is obtained as follows:

$$ISR = 0.5266 + 0.0485*ICG - 0.0100*MSI + \epsilon$$

Based on the derivative model equation above, it can be explained that:

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- a. The constant of 0.5266 indicates that if Islamic Corporate Governance and Maqashid Sharia Index are zero, then the Islamic Social Reporting is 0.5266 units.
- b. The Islamic Corporate Governance Coefficient of 0.0485 indicates that if Islamic Corporate Governance increases by 1 point, the Islamic Social Reporting will increase by 0.0485 points with the alleged constant variable.
- c. The Maqashid Sharia Index coefficient of -0.0100 indicates that if the Maqashid Sharia Index increases by 1 point, the Islamic Social Reporting will decrease by 0.0100 points with the alleged constant variable.

**Table 6. Test Coefficient of Determination (R Square)**

R-squared	0.910024	Mean dependent var	0.627519
Adjusted R-squared	0.888965	S.D. dependent var	0.107730
S.E. of regression	0.035898	Akaike info criterion	-3.636902
Sum squared resid	0.060566	Schwarz criterion	-3.214352
		Hannan-Quinn	
Log likelihood	119.2886	criter.	-3.471955
F-statistic	43.21454	Durbin-Watson stat	1.442054
Prob(F-statistic)	0.000000		

Source: processed data (2023)

The results of the coefficient of determination can be seen that R-Squared shows a value of 0.91, which means that 91% of the Islamic Corporate Governance and Maqashid Sharia Index variables can explain the Islamic Social Reporting variable, while the remaining 9% is influenced by other variables outside the study.

**Table 7. T test (partial test)**

Variable	Coefficien	t	Std. Error	t-Statistic	Prob.
C	0.526666	0.025675	20.51252	0.0000	
X1	0.048507	0.009144	5.305024	0.0000	
X2	-0.010079	0.013121	-0.768181	0.4462	

Source: processed data (2023)

The test results using the Fixed Effect Model (FEM) can be concluded as follows:

- a. The independent variable Islamic Corporate Governance with a probability value of  $0.0000/2 = 0$ , is significant at the  $\alpha = 5\% (0.05)$  level and judging from the t count it is found that the t count is greater than the t table, namely  $5.305 > 1.895$ , which means that the hypothesis is accepted, namely Islamic Corporate Governance has an effect on the disclosure of Islamic Social Reporting and statistically it is found that Islamic Corporate Governance has a significant effect on the Islamic Social Reporting.
- b. The independent variable of Maqashid Sharia Index with a probability value of  $0.4462/2 = 0.2231$ , is not significant at the level of  $\alpha = 5\% (0.05)$  and judging from the t count it is found

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that the t count is smaller than the t table, namely  $-0.7681 < 1.895$ , which means that the hypothesis is rejected, namely the Maqashid Sharia Index has no effect on the Islamic Social Reporting and statistically it is found that the Maqashid Sharia Index has no significant effect on the Islamic Social Reporting.

## **DISCUSSIONS**

### **The Effect of Islamic Corporate Governance on the Islamic Social Reporting**

Based on partial testing (t test) using the Fixed Effect Model (FEM) test because this study uses a one tail hypothesis, the probability value is divided by 2 (two) where the results obtained are smaller than the significance level at the  $\alpha = 5\%$  (0.05) level and it is found that  $t \text{ count} > t \text{ table}$ , thus it can be stated that hypothesis one (H1) is accepted. Islamic Corporate Governance has a positive and significant effect on the Islamic Social Reporting. This means that the better the corporate governance that is carried out according to sharia, the better the disclosure of Islamic responsibility reports. This is because there is a DPS or Sharia Supervisory Board which is responsible for improving good reporting and overseeing company activities to stay within the corridors of sharia. As in the Tawhidi String Relation theory, the development of science (including in terms of corporate governance) must include divine values (*Tawhid*) so that it does not have a negative impact and can achieve the benefit of the people. The results of this study are in accordance with the research of Budi & Rahmawati Prof (2019); Kasih & Rini (2018); Nuraeni & Rini (2019); Riyanti (2021); Rosita & Kurniawati (2022); Siagian et al. (2022) which states that Sharia Governance has a positive effect on the Disclosure of Sharia Social Responsibility Reports. However, the results of this study are not in accordance with research conducted by Suryadi & Lestari (2018) which states that Sharia Governance has no significant effect on the Disclosure of Sharia Social Responsibility Reports.

### **The Effect of Maqashid Sharia Index on the Islamic Social Reporting**

Based on partial testing (t test) using the Fixed Effect Model (FEM) test because this study uses a one tail hypothesis, the probability value is divided by 2 (two) where the results obtained are greater than the significance level at the  $\alpha = 5\%$  (0.05) level and it is found that  $t \text{ count} < t \text{ table}$ , thus it can be stated that hypothesis two (H2) is rejected. The Maqashid Sharia Index has no significant effect on the Islamic Social Reporting. Although the effect is not significant, the resulting regression coefficient shows that the Maqashid Sharia Index has a negative effect on the Islamic Social Reporting. This means that the higher the MSI score, the lower the ISR score. Vice versa, the lower the MSI score, the higher the ISR score. This is in line with legitimacy theory, which states that companies have a social contract with society to do things that society wants so that businesses can continue to operate. Corporate social responsibility disclosure is carried out to ensure that society responds positively to business performance (Kautsar Riza Salman 2021). The MSI score indicates the financial and non-financial performance of the company. The higher the Maqashid Sharia Index score, the less extensive the company needs to report to maintain stakeholders' trust. Conversely, if the company has a low Maqashid Sharia Index score, they must disclose more extensive social responsibility reporting to maintain the trust of stakeholders and keep them invested. The results of this study are inconsistent with the research of Khoiriyah & Salman (2020); Salman (2021); Salman et al. (2018) which state that the

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Maqashid Sharia Index has a positive effect on the Islamic Social Reporting.

## CONCLUSIONS

The conclusion obtained from the results of research conducted on the influence of Islamic Corporate Governance and the Maqashid Sharia Index on the Islamic Social Reporting is that Islamic Corporate Governance has a positive and statistically significant effect on Islamic Social Reporting. The higher the ICG score, the better the ISR will be. This is due to the function of the Sharia Supervisory Board in improving social responsibility reporting. The Maqashid Sharia Index has a negative and statistically insignificant effect on the Islamic Social Reporting. The higher the MSI score, the lower the ISR score. And vice versa. Companies with low MSI scores need to expand social responsibility reporting to maintain stakeholder trust.

In this study, the variables of Islamic Corporate Governance and Maqashid Sharia Index on the Islamic Social Reporting are theoretically tested. The results of this study can be used to add to the academic literature and build a more comprehensive theoretical model to understand Islamic Social Reporting practices, especially in terms of Islamic banking. The findings of this study can be useful for Islamic banks to make better Islamic Social Reporting policies. To improve the effectiveness of ISR programs and strengthen Islamic governance, investors, Sharia Supervisory Boards, and management should be involved in the ISR planning process. This research can help governments and regulators to create policies that allow Islamic banks to implement clearer social responsibility, project, or transparent Islamic Social Reporting guidelines.

This research was conducted with several research limitations which can affect the research results, namely research using secondary data so that data cannot be obtained due to limitations in accessing the data. This research was only conducted in six countries, namely: Saudi Arabia, United Arab Emirates, Kuwait, Malaysia, Qatar, and Bahrain so that the research results cannot be generalized to other countries due to differences in regulations in each country. Different report formats for each country make it difficult to find the data needed. Recommendations for future researchers are to increase the number of other variables or create moderating variables as well as mediating variables and control variables that affect the Islamic Social Reporting, such as capital adequacy and company size. Future researchers can also increase the research time span and expand the research sample. Such as expanding the scope of research to countries in the ASEAN region and can use the Maqashid Sharia Index measurement with 7 (seven) indicators (see, Faisal et al., 2023).

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