

DETERMINANT OF ISLAMIC SOCIAL REPORTING IN SHARIA COMMERCIAL BANKS

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Abstract: Sharia Social Reporting (ISR) disclosure at Sharia Commercial Banks in Indonesia is still relatively low and inconsistent, despite significant asset and capital growth in the post-pandemic period. This condition reflects a fundamental issue, namely that financial expansion has not been fully accompanied by increased Sharia-based social accountability and transparency. This study aims to analyze the influence of capital size, zakat funds, and company size on Sharia Social Reporting (ISR) in Sharia Commercial Banks in Indonesia during the 2021–2024 period. This quantitative study uses secondary data sourced from the annual reports of banks registered with the Financial Services Authority (OJK). The analysis method used is panel data regression software, EViews 13. The study population consisted of 14 Islamic Commercial Banks. Through purposive sampling, final samples from 8 banks were obtained by observation over 4 years, resulting in 32 observations. The Fixed Effects Model is used as an estimation model. The results show that the size of capital has a significant influence on ISR; The size of the company also has a positive and significant impact on ISR. On the other hand, zakat does not have a considerable influence on ISR. However, simultaneously, these three variables affect ISR. This research contributes in the form of the latest empirical evidence regarding the determinants of Islamic Social Reporting in Sharia Commercial Banks in Indonesia. The novelty of this study lies in the finding that there is a gap between sharia financial obligations, especially zakat, and social accountability practices, where zakat has not been strategically integrated in improving the quality of sharia social reporting.

Keywords: Capital size, Zakat Fund, Firm Size, Islamic Social Reporting

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1. INTRODUCTION

In their contemporary financial era that increasingly emphasizes transparency and social accountability, Islamic Social Reporting (ISR) serves as a crucial instrument in evaluating the social responsibility of Islamic financial institutions. Their ISR is not only a conventional financial statement, but also reflects their commitment to Islamic principles that emphasize justice, social care, and spiritual accountability (Salimudin & Jubaedah, 2024) Fundamentally, it is different from conventional Corporate Social Responsibility (CSR) as it integrates socio-economic justice, accountability to Allah (taqwa), and compliance with Sharia principles. Through transparent disclosure of zakat distribution, social development programs, and governance quality, ISR strengthens stakeholder trust and reinforces Islamic financial ethics (Riduwan et al., 2020).

Along with the growing importance of ISR, the Islamic banking industry in Indonesia has shown significant growth, especially in terms of asset expansion and public trust. Data from the Financial Services Authority (OJK) shows that the total assets of Sharia

Commercial Banks continue to increase from IDR 444.79 trillion in 2021 to IDR 664.61 trillion in 2024, reflecting strong industry expansion and the effectiveness of capital strengthening and governance policies (OJK, 2024). Previous studies have shown that large banks tend to disclose broader social and ethical information due to stronger stakeholder pressures and higher expectations of legitimacy (Wahyono et al., 2020). Adequate capital performance also plays an important role in supporting banking operations, as well-capitalized banks are more likely to signal stability and transparency to stakeholders (Ardana & Nurmalia, 2025).

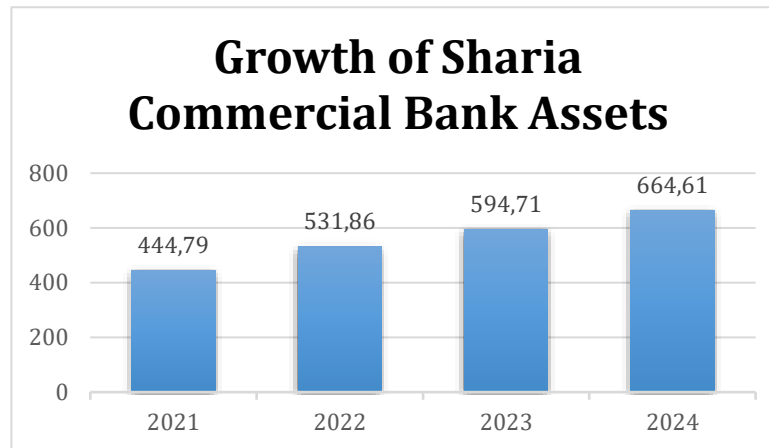


Figure 1: Asset Growth of Sharia Commercial Banks 2021 – 2024
Source: Sharia Banking Statistics, 2025

However, strong asset growth and capital adequacy have not been fully reflected in the quality of Islamic Social Reporting disclosure. Despite maintaining capital adequacy ratios well above the regulatory threshold, ISR disclosure among Islamic banks remains relatively low and unstable. The average ISR disclosure index has declined from approximately 50% in 2021 to 44% in 2023, indicating that many ISR items are still inadequately reported (Yusgiantoro & Koesrindartoto 2021). This downward trend is in line with findings (Salsabilah & Fitri, 2023) which suggest that ISR disclosure in Islamic banks often remains limited despite asset growth, especially as challenges in governance effectiveness and the absence of a standardized ISR framework confirm that weak governance and variability in Sharia board oversight contribute to inconsistent ISR performance. Moreover, zakat disclosure remains limited, as only around 40–50% of Islamic banks consistently report zakat information, raising concerns regarding spiritual accountability, which is a core component of ISR (Dosinta, 2024). This is worrying because zakat is a mandatory component of ISR. Limited zakat disclosure shows weak spiritual accountability, which is at the heart of Islamic reporting (Ibrahim & Mahmud, 2023).

From an Islamic perspective, social reporting is a manifestation of the concept of *ihسان* teachings as the culmination of a very noble ethical teaching. *Ihسان* is defined as the implementation of good deeds that are beneficial to others in order to seek the pleasure of Allah SWT (Prabowo & Mahmud, 2024). In this context, Islamic values are the main foundation in the implementation of the social responsibility of Islamic banks. The principles of reporting in Islam are based on the values of honesty and transparency as commanded by Allah SWT in QS. *Al-Baqarah* verse 282, which emphasizes the importance of recording every *muamalah* transaction. This view is the theological basis for the concept of Islamic Social Reporting, which emphasizes information disclosure and the social responsibility of Islamic financial institutions to their community.

يَا أَيُّهَا الَّذِينَ آمَنُوا إِذَا تَدَايَنْتُمْ بِدَيْنٍ إِلَىٰ آجَلٍ مَّسْمُومٍ فَاذْكُرُوهُ ۖ فَاذْكُرُوا لِلَّهِ ذِكْرًا عَدْلًا وَلَا يَأْتِ بِتَدَايُنٍ
 أَنْ يَخْتَبَ كَمَا عَلَّمَهُ اللَّهُ فَلْيَكْتَسِبْ وَيُمَلِّلِ الَّذِي عَلَيْهِ الْحَقُّ وَلْيَتَّقِ اللَّهَ رَبَّهُ ۗ وَلَا يَبْخَسْ مِنْهُ شَيْئًا

"O, those who send, if you do not send money for the appointed time, then write it down. Let no writer among you write it in vain, and let not the writer write it as God has taught it; so let him write, and let the debtor covet (what will be written), and let him fear Allah his Lord, and let him not shrink any of his debts." (QS. Al – Baqarah 282)

Previous research still has inconsistencies in its findings. Alfahrozi et al. (2025) found that capital size significantly influences ISR, while zakat does not. In contrast. Wijayanti & Seitiawan (2022) reported that firm size and Islamic governance significantly affect ISR, whereas liquidity and leverage show mixed results. Other studies also reveal varying impacts of firm size, governance, and financial performance on ISR disclosure Risqi & Septriarini (2021) These inconsistencies indicate the absence of conclusive evidence regarding the key internal factors driving ISR disclosure in Islamic banking. Hussain (2022) states that Firm size, profitability, firm age, and board size have a significant positive effect on ISR; Board independence is insignificant.

Therefore, the research gap of this study lies in the persistent inconsistency of prior findings and the lack of post-pandemic empirical evidence examining the simultaneous effects of capital size, zakat funds, and firm size on Islamic Social Reporting in Indonesian Sharia Commercial Banks. This study aims to analyze the effects of capital size, zakat funds, and firm size on Islamic Social Reporting (ISR) in Sharia Commercial Banks in Indonesia during the 2021–2024 period. This research contributes by providing updated post-pandemic empirical evidence on the determinants of ISR and by highlighting the gap between rapid financial growth and Sharia-based social accountability, particularly the limited role of zakat disclosure in improving ISR quality.

2. THEORY AND METHODS

2.2 Theory of Stakeholder

Stakeholder theory was first introduced by Freeman (1984), explaining that an organization must create value not only for shareholders, but also for all parties affected by its activities. This theory asserts that companies have ethical, social, and strategic obligations to stakeholders whose interests can influence or be influenced by organizational decisions. Modern developments in stakeholder theory highlight transparency, accountability, and responsiveness as core mechanisms for maintaining legitimacy and long-term sustainability, especially in sectors that rely on high public trust, such as Islamic banking (Pratomo & Akbar, 2023).

From this perspective, stakeholders are entitled to information on the organization that goes beyond financial performance, including social, ethical, and governance disclosures, as it influences the evaluation and decision-making process. In Islamic financial institutions, stakeholder expectations are even broader, as they include adherence to sharia principles, social justice, and spiritual accountability (Irawan & Nurian, 2025).

Stakeholders consist of internal and external groups such as regulators, customers, employees, the public, investors, Sharia Supervisory Boards, NGOs, and other institutions that interact directly or indirectly with organizations. The interest creates pressure for companies to undertake more comprehensive disclosures, including Islamic Social Reporting (ISR), which serves as a mechanism to maintain trust, legitimacy, and alignment of ethical values (Handayani & Yanti, 2023).

2.3 Sharia Enterprise Theory

Sharia Enterprise Theory, proposed by Triyuwono (2000), states that the purpose of financial reporting in Islamic accounting is related to instrumental accountability, which has spiritual value both vertically, to Allah SWT, and horizontally, to humanity, while providing information in the form of accounting. This theory describes the form of corporate responsibility (Islamic banks) to Allah SWT virtually, as well as to employees, customers, and society horizontally (Siallagan, 2020).

Sharia Enterprise Theory is a social integration that internalizes Islamic values, seen as a measure of accountability in Islam, or a trilogy of Sharia accounting, with the main responsibility to Allah, followed by responsibility to humans and the economy, which is based on Islamic Sharia values. (Hasan & Panai, 2023). Showing that Shariah Enterprise Theory is increasingly relevant in sustainability reporting and ISR practices as the demands for transparency in Islamic banks increase (Asyifa & Abdullah, 2023).

2.4 Capital Size

Capital Size is a crucial factor for the growth and progress of banks and the maintenance of public trust. Every asset creation, in addition to potentially generating profits, also has the potential to pose risks. Therefore, capital must be able to be used to mitigate the risk of losses to assets and investments, especially those sourced from third-party or public funds. An increase in the role of assets as a source of profit should be accompanied by an evaluation of risks that may arise to protect the interests of fund owners. If their bank is already operating, *Capital Size* is one of the crucial factors for business development and risk of loss mitigation (Rahayu et al., 2025).

In the context of Islamic banking, capital adequacy also plays a central role in supporting operational activities and meeting all financing needs. The quality of management in carrying out banking activities greatly determines the achievement of optimal profitability. With good management, banks can increase their capital while maintaining capital health through the Capital Adequacy Ratio (CAR) indicator as a benchmark for stability and capital feasibility (Nurfitriani, 2021).

2.5 Zakat Fund

Zakat comes from the word "*az-zakah*," which is in Arabic. The word "*az-zakah*" has several meanings, including "*an-numuwu*" (growing), "*az-ziyadah*" (growing), "*ath-thaharah*" (clean), "*al-madh*" (praise), "*albarakah*" (blessing) and "*ash-shulh*" (good). After shahadah and prayer, zakat is one of the three pillars of Islam. This type of zakat is often mentioned in the Qur'an because Allah forbids separating zakat from the practice of prayer. Because zakat is always associated with prayer, the obligation to perform prayer is the same as the obligation to perform zakat (Septian et al., 2022).

Their company uses zakat as a form of trust and responsibility in accordance with religious and business rules so that their goals of benefit and blessing can be achieved. Therefore, zakat serves as a motivator for businesses to focus on their profits or profits so that they can build conclusions that if businesses focus on zakat as businesses focus on their financial performance comprehensively, their increasing zakat's ability to support businesses must take precedence over performance improvement (Hayatika et al., 2021).

2.6 Firm Size

Firm Size is a factor that needs to be considered in determining the amount of funds that a business will spend. The size of a company determines the scale of a business, which can be measured through the total money spent, the total money received, and the total money spent. If the number of properties owned by large companies increases, the value of money received also increases (Eliana et al., 2020).

Large companies typically have wider access to funding, more complex managerial systems, and higher disclosure obligations than smaller companies. Thus, the size of the company is considered to be able to affect financial performance, funding policies, and the level of disclosure of company information to the public (Mariska et al., 2025).

2.7 Islamic Social Reporting

Islamic Social Reporting is a special focus of social reporting that adheres to Sharia principles, with its main focus on spirituality in social reporting for business people in order to provide accurate information in fulfilling their obligations to Allah SWT and society (Rismayati et al., 2022)

Islamic Social Reporting social responsibility reporting has been included in the value of sharia principles. ISR is the development of Corporate Social Responsibility (CSR) terms, in accordance with CSR and Islamic development. Islamic Social Reporting is a form of reporting of a company's performance related to social activities provided to the community, not only that services and products are calculations in Islamic Social Reporting The implementation of ISR is believed to also improve the company's financial performance, where investors tend to invest capital in companies that carry out ISR activities the profit will be greater for the sustainability of the company (Asari et al., 2021).

2.8 Framework

A framework of thought is a form of concept created from a theory or a collection of several theories that logically establish the relationship of one or several factors that have been successfully identified as important factors to explain the problem to be studied. Their frame of thought is as follows:

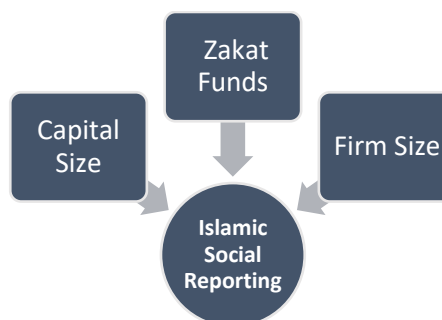


Figure 2. Research Model

2.9 Research Hypothesis

2.9.1 The Influence of Capital Size on Islamic Social Reporting

Based on *stakeholder* theory, companies have responsibilities not only to shareholders, but also to other interested entities, such as employees, customers, the government, and the general public. *Capital Size* is a reflection of the company's ability to maintain operational stability and sustainability. Islamic banks with strong capital are expected to be able to manage resources optimally so that they are able to provide greater benefits for *stakeholders*. Research (Puspawati et al., 2020) shows that the level of corporate capital has a positive effect on the extent of social responsibility disclosure.

H1: Capital Size has a positive effect on Islamic social reporting in Banks General Sharia Period 2021 – 2024.

2.9.2 The Influence of Zakat Funds on Islamic Social Reporting

The distribution of zakat to the community can foster empathy and increase the company's positive image in the eyes of the public. The greater the zakat paid and

reported, the greater the incentive for Islamic banks to carry out *more comprehensive Islamic Social Reporting* (ISR) disclosure. This is in line with research conducted by (Suciarti & Wafiroh, 2023) which found that zakat performing ratio affects the quality of ISR and the reputation of Islamic banks.

H2: Zakat funds have a positive effect on Islamic social reporting in Banks General Sharia Period 2021 – 2024.

2.9.3 The Influence of Firm Size on Islamic Social Reporting

Based on stakeholder theory, the larger the firm size, the greater the social responsibility attached to the company. This is because large-scale companies typically have high operational complexity, a wider number of stakeholders, and have more significant public exposure compared to small companies. Findings by (Setiawati et al., 2023) Found that company size has a positive effect on ISR disclosure, where Islamic banks with large assets are more transparent in conveying social information.

H3: Firm Size has a positive effect on Islamic social reporting in banks, General Sharia Period 2021 – 2024.

3. METHODOLOGY

This research uses a quantitative approach, which is an approach that emphasizes the collection and analysis of data in the form of statistically measurable numbers. The quantitative approach is used to test the relationship between variables that have been determined based on relevant theories (Ramdhan, 2021). Research that aims to analyze the relationship between one variable and another or how one variable affects another variable (Sugiyono, 2024).

This type of research uses secondary data taken from *annual report* data downloaded from the website of each Sharia Commercial Bank for the period 2021 to 2024. The population in this study includes all registered Sharia Commercial Banks (BUS) with a total of 14 research samples obtained through the purposive sampling technique was applied to select banks that met the following criteria: Sharia Commercial Banks in Indonesia registered with the Financial Services Authority for the Period (2021-2024) 14 banks, Sharia Commercial Banks that report annual financial reports for 4 consecutive years for the Period (2021-2024) 13 banks, Sharia Commercial Banks that do not report Social Responsibility 1 bank, Sharia Commercial Banks that do not report Zakat Funds 4 banks, the number of final samples 8, namely Bank Muamalat Indonesia, Bank Mega Syariah, Bank Victoria Syariah, Bank Panin Dubai Syariah, Bank BCA Syariah, Bank Aceh Syariah, Bank Jabar Banten Syariah, Bank Nusa Tenggara Barat Syariah. For 4 years (2021 – 2024), the overall sample data was 32 observations.

The analysis tool used using eviews software 13 by applying statistical data through classical assumption testing, panel data regression, and hypothesis testing was then applied and conclusions were drawn (Gujarati, 2021).

The measurement of variables in this research are:

Capital Size

One of the methods used by banks is to assess the ability to handle risk losses that will be faced, as well as to reduce deposit and other credit requirements (Astuti et al., 2024).

$$CAR = \frac{Capital}{ATMR} \times 100\% \text{ --- (1)}$$

Zakat Fund

Zakat imposed on companies that run businesses that have legal capacity, rights and obligations, and can have their own wealth (Agustin & Rosyidah, 2024).

$$\text{Zakat Funds} = \text{Net Profit} \times 2,5\% \text{-----(2)}$$

Firm Size

The size of a company, which is generally indicated by total assets, varies from large to small (Arianugrahini & Firmansyah, 2020).

$$\text{Firm Size} = \text{Ln (Total Aset)}\text{-----(3)}$$

Islamic Social Reporting

The disclosure of corporate social responsibility based on sharia principles, includes financial, halal products/services, labor, social, environmental, and governance aspects (Rismayati et al., 2022)

$$\text{ISR} = \frac{\text{Number Of Score Met}}{\text{Maximum Score}} \text{-----(4)}$$

4. RESULTS AND DISCUSSION

4.1 Result

4.1.1 Descriptive Statistical Analysis

Table 1. Descriptive Statistic

	CAR	ZAKAT	FS	ISR
Mean	32.68406	66.95250	2.698125	0.674688
Median	26.08500	12.28500	2.675000	0.680000
Maximum	149.6800	933.0000	4.200000	0.760000
Minimum	18.70000	1.060000	0.500000	0.480000
Std. Dev.	23.73346	179.3104	0.878148	0.054830
Skewness	4.021541	4.036592	-0.619261	-1.430926
Kurtosis	19.87239	18.95335	3.737990	6.215706
Jarque-Bera	465.8248	426.2478	2.771423	24.70795
Probability	0.000000	0.000000	0.250146	0.000004
Sum	1045.890	2142.480	86.34000	21.59000
Sum Sq. Dev.	17461.59	996718.9	23.90549	0.093197
Observations	32	32	32	32

Source: Data Processed, 2025

According to table 1, the number of research samples is 32 samples from Sharia Commercial Banks registered with the Financial Services Authority (OJK) in 2021 – 2024. The CAR variable (X1) based on the results of descriptive statistics in table 5 shows an average value of 32.68406, a median of 26.08500, a maximum value of 149.6800, a minimum value of 18.70000, and a standard deviation of 23.73346. The Zakat Fund variable (X2) has an average value of 66.95250, a median of 12.28500, a maximum value of 933.0000, a minimum value of 1.060000, and a standard deviation of 179.3104. Firm Size Variable It has an average value of 2.698125, a median of 2.675000, a maximum value of 4.200000, a minimum value of 0.500000, and a standard deviation of 0.878148. The Islamic Social Reporting (Y) variable has an average value

of 0.674688, a median of 0.680000, a maximum value of 0.760000, a minimum value of 0.480000, and a standard deviation of 0.054830.

4.1.2 Panel Data Regression Model Selection

Chow test

This test is done to determine whether *the Common Effect Model (CEM)* or *Fixed Effect Model (FEM)* model is the best model.

Table 2. Chow Test Results

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	6.703958	(7,21)	0.0003
Cross-section Chi-square	37.565488	7	0.0000

Source : Data Processed, 2025

Based on the results of the chow test Table 2, it can be stated that the prob value is 0.0000 and the value is less than 0.05 or $0.0000 < 0.05$, which means that the selected is FEM (Badawi & Supardi, 2022).

Hausman test

This test is conducted to determine whether *the Fixed Effect Model (FEM)* and *Random Effect Model (REM)* models are the best models.

Table 3. Hausman Test Results

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	45.537613	3	0.0000

Source : Data Processed, 2025

Based on the results of the thirist test table 3, it can be stated that the prob value is 0.0000 and the value is less than 0.05 or $0.0000 < 0.05$, then the FEM model (Simanjuntak and Hutabarat 2024) is selected. In this study, based on the Chow test and the Hausman test, both resulted that the best model used was FEM so there was no need to perform the LM (Lagrange Multiplier) test. So, it can be concluded that this study uses the FEM model.

Classic Assumption Test

The selected model is *the Fixed Effect Model (FEM)*, therefore a classical assumption test was carried out, namely the multicollinearity test and the heteroscedasticity test (Gujarati, 2021)

Multicollinearity Test

Table 4. Multicollinearity Test Results

	CAR	ZAKAT	FS
CAR	1.000000	-0.058215	-0.580690
ZAKAT	-0.058215	1.000000	-0.020187
FS	-0.580690	-0.020187	1.000000

Source: Data Processed, 2025

According to table 4 above, the correlation coefficient between variables < 0.85 indicates that there is no multicollinearity so that it passes the multicollinearity test (Simanjuntak & Hutabarat, 2024).

Heteroscedasticity Test

Table 5. Heteroscedasticity Test Results

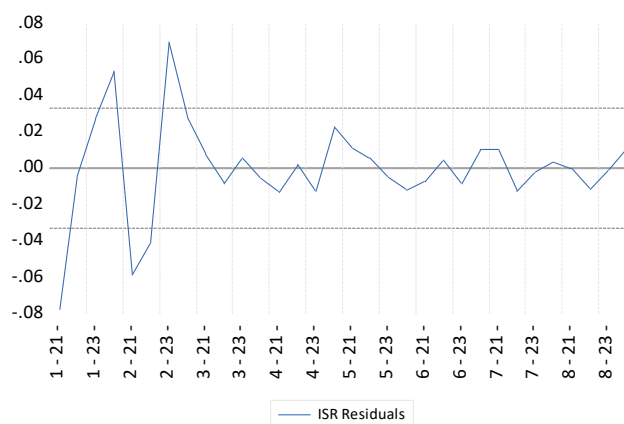


Figure 3. Heteroscedasticity Test

Source: Data Processed, 2025

According to table 5, the results shown in the graph above show data lines below the 500 and -500 numbers. This means that the residual variant is consistent, so it can be concluded that there is no heteroscedasticity problem or passes the heteroscedasticity test (Simanjuntak & Hutabarat, 2024).

Hypothesis Testing

The hypothesis test in this study used multiple regression, which is used to determine whether or not there is a relationship between independent variables and dependent variables.

Table 6 Regression Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.020322	0.120108	0.169193	0.8673
CAR	0.000862	0.000373	2.310937	0.0311
ZAKAT	1.02E-06	3.79E-05	0.026908	0.9788
FS	0.232059	0.043580	5.324911	0.0000

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.757630	Mean dependent var	0.674688
Adjusted R-squared	0.642216	S.D. dependent var	0.054830
S.E. of regression	0.032797	Akaike info criterion	-3.730691
Sum squared resid	0.022588	Schwarz criterion	-3.226844
Log likelihood	70.69106	Hannan-Quinn criter.	-3.563680
F-statistic	6.564450	Durbin-Watson stat	1.440448
Prob(F-statistic)	0.000149		

Source: Data Processed, 2025

$$ISR_{it} = 0,020321 + 0,000861 CAR_{it} + 1,019579 ZAKAT_{it} + 0,232059 FIRM SIZE_{it} + e_{it}$$

The adjusted R-squared is 0.642216 or 64.2216%. The determination coefficient shows that the independent variables consisting of CAR, Zakat, and Firm Size are able to explain the Islamic Social Reporting variable of 64.2216% (Badawi & Supardi, 2022). The probability value of F is calculated as 0.000149 < 0.05, so that H4 is accepted, meaning that CAR, Zakat, and Firm Size have an effect on Islamic Social Reporting (Badawi & Supardi, 2022).

Based on the regression test of the data panel table 6, it is concluded that the Constant Value is 0.020321, if the variables CAR, Zakat, and Firm Size have a value that is meaningfully constant or 0, then the value of the Firm Size variable is 0.020321. The beta coefficient value of the CAR variable is 0.000861, if the value of the other variables remains constant and the CAR variable increases by 1%, then the CAR variable will increase by 0.000861%. The beta coefficient of the Zakat variable is 1.019579, if the value of the other variable remains constant and Zakat increases by 1% then the zakat variable increases by 1.019579%. The beta coefficient for the Firm Size variable is 0.232059, if the other variable remains constant and the Firm Size variable increases by 1% then the Firm Size variable will increase by 0.232059%.

4.2 Discussion

4.2.1 The Influence of Capital Size on Islamic Social Reporting

Based on the calculation using eviews 13, a probability value of 0.0311 was obtained < significant $\alpha = 0.05$ therefore, H0 was rejected so that it could be said that Ha was accepted, this result shows that *Capital Size* has a significant effect on *Islamic Social Reporting* in Sharia Commercial Banks for the period 2021 – 2024. These results show that the increase in capital owned by Islamic banks is directly proportional to the level of sharia-based social responsibility disclosure carried out.

Factors that affect Capital Size have a significant effect on Islamic Social Reporting (ISR). First, financial capacity and social investment capabilities. Banks with large capital have sufficient financial resources to fund social responsibility activities without disrupting operational stability. The large availability of funds allows banks to invest in sharia CSR activities, HR training, and the construction of a more transparent and compliant ISR reporting system (Putra & Tirani, 2025)

These findings indicate that Capital Adequacy is an important factor that supports the ability of Islamic banks to carry out social activities and increase reporting transparency. Banks with large capital have a stronger financial capacity to support various social activities such as community empowerment, education, philanthropic activities, and the development of sharia-based sustainability programs.

Stakeholder Theory (Freeman, 1984) which emphasizes that the company has a responsibility not only to shareholders, but also to all parties interested in the sustainability of the company. In the context of Islamic banking, large capital reflects the company's ability to balance the interests of various stakeholders ranging from shareholders, employees, customers, regulators, to the wider community. With strong financial resources, banks can meet stakeholders' expectations of transparency, accountability, and the implementation of

Islamic values in their operations. The results of this study are in line with a study (Alfahrozi et al., 2025) that found that the Capital Adequacy Ratio (CAR) has a significant effect on ISR disclosure, where banks with large capital are better able to carry out social responsibility and expand ISR reporting. These findings are also consistent with research (Lianti et al., 2022) which states that capital adequacy is positively related to ISR because it provides flexibility for companies to make social investments and sustainability reporting activities. However, these results are different from studies (Pangesti & Pramono, 2022) which found that CAR has no significant effect on ISR. These differences may be due to variations in sample characteristics, research periods, and analytical approaches used.

4.2.2 The Influence of Zakat Funds on Islamic Social Reporting

Based on the results of the calculation using eviews 13, it can be seen that the probability value of $0.8034 > \text{significant } \alpha = 0.05$. The results of this test show that H_a is rejected so that H_0 can be accepted which means that Zakat does not have a significant effect on *Islamic Social Reporting* in Sharia Commercial Banks for the 2021 – 2024 period. Zakat is a religious obligation that must be fulfilled by every Muslim, including businesses that operate based on sharia principles. In the corporate context, zakat reflects a form of social and spiritual responsibility to society and shows the company's commitment to upholding the values of justice and social welfare. However, the results of this study show that the implementation of zakat by Islamic banks has not had a significant influence on the disclosure of *Islamic Social Reporting*.

The factors that affect zakat do not affect *Islamic Social Reporting*. The value of zakat issued by companies is still relatively small compared to total assets or net profit so that it does not make a significant contribution to the expansion of social reporting. In the annual report, zakat is often combined with infaq and shadaqah (ZIS) without a clear separation between the components. This causes zakat information to not be specifically identified and difficult to measure its contribution to *Islamic Social Reporting* (Hasan & Panai, 2023).

Sharia Enterprise Theory (SET), which emphasizes the importance of transparency and accountability in every company's operational activities based on sharia principles. This theory emphasizes that companies have a responsibility to Allah SWT, people, and the environment, not just to shareholders. In this perspective, zakat should be the main obligation that reflects the company's commitment to maintaining social welfare and upholding sharia values (Siallagan, 2020).

The results of this study are in line with research conducted by (Nasution & Fauzan, 2023) which also found that Zakat did not have a significant effect on the disclosure of *Islamic Social Reporting*. However, these results are contrary to research conducted by (Adisaputra, 2021) which shows that Zakat has a positive and significant effect on Islamic Social Reporting. However, the reality is that the results of this study show that the implementation of zakat by Islamic banks has not had a significant influence on the disclosure of *Islamic Social Reporting*. Therefore, it is necessary to increase transparency and more comprehensive zakat reporting in accordance with the principles of *Sharia Enterprise Theory*, so that the role of zakat as an indicator of sharia social responsibility can be seen clearly in the *Islamic Social Reporting report*.

4.2.3 The Influence of Firm Size on Islamic Social Reporting

Based on the calculation using eviews 13, a probability value of $0.0001 < \text{significant } \alpha = 0.05$ therefore H_0 is rejected so that it can be said that H_a is accepted declared, which means that *Firm Size* has a significant effect on *Islamic Social Reporting* in Sharia Commercial Banks for the period 2021 – 2024. The results show that the larger the size of the company, the higher the level of sharia-based social responsibility disclosure carried out. *Firm Size* reflects the scale of an entity that can be measured through total assets, total sales, or market capitalization.

Factors that affect the positive and significant relationship between company size and *Islamic Social Reporting*. Large resource capacity allows large companies to have adequate

financial capabilities and reporting infrastructure, including the ability to form sustainability reporting teams and conduct internal sharia audits (Putra & Tirani, 2025)

This finding is consistent with the Stakeholder Theory, which indicates that the company is not only responsible to shareholders, but also to other parties who have an interest in the company's sustainability. In the context of Islamic banks, the larger the size of the bank, the wider the scope of stakeholders that need to be served, and the higher the demands on the disclosure of social and spiritual information in annual reports. Therefore, large banks have a stronger motivation to increase ISR disclosure in order to maintain trust, reputation, and legitimacy in the eyes of stakeholders (Irawan & Nurian, 2025)

The results of this study are in line with the research conducted by (Lianti et al., 2022) which states that Company Size has a positive and significant effect on the disclosure of Islamic Social Reporting in Islamic commercial banks in Indonesia. However, these results are different from the study (Pangesti & Pramono, 2022) which showed that Firm Size had a positive but insignificant effect on ISR, indicating that the effect of firm size can vary depending on the context of the study period and sample.

5. CONCLUSION

This study aims to analyze the influence of capital size, zakat funds, and company size on the disclosure of Islamic Social Reporting (ISR) in Sharia Commercial Banks in Indonesia during the 2021–2024 period. The results of the study show that simultaneously the size of capital, zakat funds, and company size have a significant effect on ISR. However, partially, only the size of capital and the size of the company have been proven to have a positive and significant effect on ISR, while zakat funds have no significant influence. These findings indicate that financial capacity and company scale are key factors driving increased ISR disclosures as banks with large capital and assets have adequate resources and face higher pressure from stakeholders. This research contributes in the form of the latest empirical evidence in the post-pandemic period regarding the determinants of Islamic Social Reporting in Islamic banking. The limitations of this study lie in the scope of the research which only includes Sharia Commercial Banks in Indonesia, a relatively short observation period, and the limited use of internal variables, so that further research is suggested to expand the observation period, add other governance and performance variables, and use a more diverse methodological approach.

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