Determining Factors of Islamic Social Reporting Disclosure (Comparison Between Government and Private National Sharia Commercial Banks in Indonesia)

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Abstract
Islamic banking's social responsibility is shown through ISR, highlighting transparency in supporting social values and sustainability. This study examines how Company Age, Company Size, Profitability, Independent Commissioner Size, and Sharia Supervisory Board Size affect ISR disclosure in Indonesian Government and National Private Islamic Commercial Banks from 2017-2022, using secondary data from 16 banks and a comparative descriptive approach with panel data regression. The findings indicate that Company Age positively affects ISR disclosure in both bank types, while Company Size only affects Government banks. Profitability and Independent Commissioner Size have no effect, and Sharia Supervisory Board Size negatively affects ISR disclosure in Government banks but not in Private banks. These results suggest differences in ISR disclosure determinants between the two bank types, encouraging better strategies for ISR disclosure.

1. Introduction

In 2022, Indonesia achieved the third rank as the best country in the global Islamic finance sector. This remarkable achievement is in the areas of Knowledge and Governance in Islamic finance (Islamic Finance Development Indicator Report, 2022). Despite significant achievements in the Knowledge and Governance sectors, this success was not accompanied by an increase in social responsibility (CSR), as evidenced by Indonesia's low ranking in the global Islamic finance CSR sector over the past three years. In 2020, Indonesia ranked fourteenth got a final rating of 23. At points of 33 and 30, Indonesia came in eighth place during the years 2021 and 2022. (Islamic Finance Development Indicator Report, 2020; 2021; 2022).

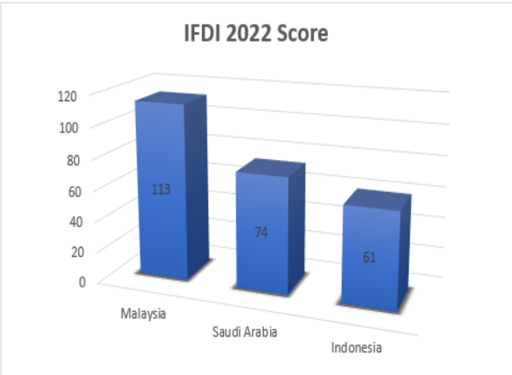

Figure 1. Indonesia's Ranking in the Global Islamic Finance Development Indicator (IFDI) (Islamic Finance Development Indicator Report, 2020; 2021; 2022)

Indonesia has the biggest Muslim population beyond worldwide, at 237.56 million individuals, despite the country's degree of societal responsibility (CSR) currently facing difficulties on a global basis (The Royal Islamic Strategic Center (RISSC), 2022). This presents a significant opportunity for Indonesia to enhance its Corporate Social Responsibility (CSR) globally within the domain of Islamic banking. The growth of the Islamic finance industry lends support to the possibility of higher CSR. The sector of Islamic banking controls 70% throughout the global Islamic finance market (IFDI Report, 2022). In Indonesia, Islamic banking has shown significant growth, accounting for 66.30% of the overall Islamic finance sector (Otoritas Jasa Keuangan, 2022).

This growth is reflected in the active participation of the large Muslim community, creating substantial growth opportunities in the Islamic finance sector. It is envisaged that this will enhance Islamic banking's social duty to the environment and society. Islamic Social Reporting (ISR), which offers openness concerning the efforts of Islamic banking in promoting social values and guaranteeing sustainability in their operations and policies, can be used to demonstrate the social responsibility of Islamic banking.According to Dowling and Pfeffer (1975), legitimacy theory examines corporate behavior, stresses environmental responsibility, and pushes businesses to uphold social norms and ideals. Accordingly, a company's social disclosure and legitimacy theory are intimately related (Mais & Alawiyah, 2020). As a result, Islamic Social Reporting (ISR) disclosures act as a conduit between the public and businesses to evaluate and comprehend whether or not the latter complies with social responsibility laws (Murdiansyah, 2021).

In line with the theory of stakeholders, social duty's public view can serve as a platform for communication with relevant parties (Murdiansyah, 2021). ISR is tactic businesses employ to address the interests of stakeholders by disclosing their operations (Indiriawati, 2019). Businesses can respond to stakeholders' concerns about the social and environmental effects of their operations by using the Islamic Social Reporting (ISR) plan (Mais & Alawiyah, 2020). Othman et al. (2009) expanded on Haniffa's (2002) initial proposal for Islamic Social Reporting (ISR). An indication of the social success of a Sharia-based business is its ISR (Maali et al., 2006). Consequently, in order to report social responsibility (ISR) in a firm in accordance with Islamic values, a special framework is required (Jihadi et al., 2021). In Sharia social performance reporting, the ISR index is utilized as an indicator to help make decisions and assist a business in meeting its responsibilities to society and Allah (Sukardi et al., 2022). Furthermore, the ISR index places a strong emphasis on social justice in relation to minority rights, environmental challenges, and labor rights (Riza Salman, 2022).

Previous studies on Islamic Social Reporting (ISR) have mainly focused on profitability, size, or governance mechanisms as individual determinants without distinguishing institutional ownership structures such as government and private Islamic banks (Othman et al., 2009; Mais & Alawiyah, 2020; Murdiansyah, 2021). This study introduces a comparative perspective that highlights how determinants of ISR disclosure may differ between government and private national Islamic commercial banks, which operate under distinct ownership mandates and accountability frameworks.

The selection of independent variables in this research reflects both internal characteristics (company age, company size, and profitability) and governance mechanisms (independent commissioner size and sharia supervisory board size). Company age indicates the maturity of an institution, influencing its experience and legitimacy-driven reporting practices. Company size captures visibility and regulatory scrutiny, encouraging greater ISR transparency. Profitability represents the financial capability to implement social responsibility initiatives. Independent commissioner size reflects governance quality and oversight, while Sharia Supervisory Board size embodies the ethical and religious supervision unique to Islamic institutions.

The novelty of this study lies in its comparative analysis of ISR determinants between government and private Islamic banks in Indonesia over the 2017–2022 period. By integrating both financial and governance variables within a multi-year panel dataset, this research provides new empirical evidence on how structural and institutional differences shape ISR disclosure behavior—contributing to a more contextual understanding of social responsibility in Indonesia's Islamic banking industry. This research is grounded on two grand theories, Legitimacy Theory and Stakeholder Theory, both of which provide a strong conceptual foundation for understanding Islamic Social Reporting (ISR) disclosure in Islamic banks.

Legitimacy Theory explains that a company's existence depends on its ability to operate within the norms and expectations of society. According to Dowling and Pfeffer (1975), organizations seek legitimacy by aligning their actions with social values, environmental responsibility, and ethical standards. Corporate social and environmental disclosure serves as a communication tool that assures the public that the company's operations comply with societal expectations (Hogner, 1982; Lehman, 1983; Lindblom, 1983). When companies act consistently with social norms and demonstrate responsibility toward the environment and community, they enhance their legitimacy and social acceptance (Tampubolon & Siregar, 2019; Lanis & Richardson, 2013). Conversely, failure to comply with societal values may lead to public dissatisfaction and pressure for change (Mousa et al., 2015). In the context of Islamic banking, ISR disclosure acts as a legitimacy mechanism by reflecting compliance with Islamic principles, transparency, and accountability in serving society.

Stakeholder Theory, on the other hand, emphasizes that companies are accountable not only to shareholders but to all parties affected by their operations—such as investors, employees, customers, regulators, and the wider community (Meutia & Febrianti, 2017). The theory posits that maintaining good relationships with stakeholders is crucial for corporate sustainability (Retno & Priantinah, 2012; Deegan et al., 2000). Social and environmental disclosure becomes a medium of dialogue between companies and stakeholders (Murdiansyah, 2021). Through Islamic Social Reporting (ISR), Islamic banks can communicate how their activities align with stakeholders' expectations regarding ethical conduct, social justice, and environmental stewardship (Indiriawati, 2019; Mais & Alawiyah, 2020). Hence, ISR serves as a strategic instrument for balancing profitability with social and moral responsibilities, in line with the principles of maqasid shariah and sustainable Islamic finance.

Based on both Legitimacy and Stakeholder Theory, Islamic Social Reporting (ISR) disclosure is influenced by a company's internal characteristics and governance structure. These two theories suggest that firms disclose more social information when they seek legitimacy from society or when they respond to the expectations of various stakeholders. Therefore, organizational factors such as company age, size, and profitability—as well as governance elements like independent commissioners and the sharia supervisory board—are expected to shape the extent of ISR disclosure in Islamic banks. The following hypotheses are developed to examine these relationships.

The term company age describes how long a firm has been in operation, developed, and sustained. Over time, more information about the company becomes available to the public, especially as the company remains active longer. Islamic banks that have been established for a longer period tend to have a more solid reputation compared to newly established ones. Prior research (Hussain et al., 2021; Sukardi et al., 2022) have said stated the information provided of Islamic Social Reports is impacted by the age of the company. However, other studies (Lestari, 2013; Rama, 2014) have found the ageing of the company has no bearing on ISR disclosure.

In general, the public's need for information about larger corporations is stronger than that of smaller companies (Nafisah & Ramadhani, 2023). Prihatiningtias et al. (2022) demonstrated how big inside a company is a good indicator of its operational success and asset management effectiveness. Supported by research (Hussain et al., 2021; Lestari, 2013; Rama, 2014; Nafisah & Ramadhani, 2023) and (Tampubolon & Siregar, 2019), which attested to the impact of business size on the degree of ISR transparency.

Profitability gauges an organization's capacity to turn a profit as well as the effectiveness of its asset utilization and operational processes (Mas'ud, 2008). Return on Assets (ROA) is chosen because it reflects the efficiency of fund utilization by the company and is often used as a profitability performance indicator. Consistent with Prihatiningtias et al. (2022), a greater ROA demonstrates a company's improved capacity for profit-making. Previous studies (Lestari, 2013; Nafisah & Ramadhani, 2023) found that profitability, as proxied by ROA, affects IISR disclosure.

Board members without any familial or financial ties to significant shareholders are known as independent commissioners (Nugraheni & Khasanah, 2019). The number of duly appointed commissioner should guarantee that the oversight system operates efficiently and conforms with legislation, due the views of the National Committee on Governance Policy (2006) (Mais & Alawiyah, 2020). Research by Nurdin & Mir'atun (2018) discovered that the autonomous board as part of commissioners size had a favorable and noteworthy impact.

In order to make sure that banking activities follow Sharia law, DPS advises and oversees the committees towards governors, as per BI Policy No. 11/33/PBI/2009 (Akbar Nugroho et al., 2022). Importantly, the Sharia Supervisory Board is involved in the implementation of Sharia principles in Islamic banking organizations through its strategic approach (Riza Salman, 2022). The Sharia Supervisory Board's size ripples through ISR disclosure according to earlier research (Abadi et al., 2020). The following is a diagram of the Research Model

Figure 2. Framework of Thought (Processed data, 2025)

2. Research Method

An explanatory approach combined with a quantitative method is used in this research. The study aims to test the elements (variables) that affect Islamic Social Reporting (ISR), including Company Age, Company Size, Profitability (ROA), Independent Commissioner Size, and Sharia Supervisory Board Size, to determine their influence on ISR disclosure. Additionally, it investigates whether there are differences in ISR disclosure determinants between Government and National Private Islamic

Commercial Banks in Indonesia. The study covers a six-year observation period from 2017 to 2022 to capture consistent disclosure patterns and variations in ISR practices across time.

Researchers involve the entire population known as a total sample or census. The set of cases comprises all 16 Islamic Commercial Banks (BUS) in Indonesia that were regulated by the Financial Services Authority (Otoritas Jasa Keuangan/OJK) and actively operated during 2017-2022. The population and sample data presented in Table 1 were obtained from the official list of Islamic Commercial Banks published by OJK (2022).

Table 1. Population and Sample Data

No	Government Islamic Commercial Bank	No	National Private Islamic Commercial Banks
1	Bank Aceh Syariah	9	Bank Panin Dubai Syariah
2	Bank Jabar Banten Syariah	10	Bank Mega Syariah
3	Bank Syariah Indonesia	11	Bank Victoria Syariah
4	Bank Syariah Mandiri	12	Bank Aladin
5	BNI Syariah	13	Bank Muamalat
6	BPD NTB Syariah	14	BCA Syariah
7	BPD Riau Kepri Syariah	15	Bank Syariah Bukopin
8	BRI Syariah	16	BTPN Syariah

Source: Processed data (2025)

Table 2. Operational Definition of Variables

Variables	Description	Formula
ISR	Islamic Social Reporting (ISR) is an index that assesses the extent to which companies disclose social information based on Sharia principles, which is then included in their annual reports. (Nafisah & Ramadhani, 2023).	Number of fulfilled disclosure scoresTotal number of maximum disclosure scores
Comapany Age	Company age refers to the duration of existence, growth, and continuity of a company (Sukardi et al., 2022). The age of a company is measured from its founding until the present, calculated in years (Riza Salman, 2022).	Age= Observation Year -Year of Establishment
Company Size	The size of a firm is its overall scope. Total assets are used in this analysis as a proxy for company size (Adnan et al., 2023)	Size=log Total Assets
ROA	A financial ratio called return on assets illustrates how potential income or profit relates to revenue, equity, and asset levels (Riza Salman, 2022).	ROA =Net IncomeTotal Assets ×100%
Independent Commissioner Size	Members of the Council within Panelists who are not connected with their its Board during Directors, other commissioners, or controlling shareholders are known as independent commissioners (Adnan et al., 2023).	Independent Commissioners =Number of Independent Commissioners in BUS

Sharia Supervisory Board Size	As per the 2009 Bank Indonesia Regulation Number 11, the Sharia Supervisory Board (DPS) can have no more than five members. The number of DPS members in each Indonesian Islamic bank is taken into consideration when determining the size of the Sharia Supervisory Board (Riza Salman, 2022).	Sharia Supervisory Board Size= Number of Sharia Supervisory Board Members in Each Sharia Commercial Bank

Source: Processed data (2025)

Model Estimation

$$Y_{it} = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \beta_5 X_{5it} + e_{it}$$

Overview:

Y_{it} = Islamic Social Reporting (ISR)
X_1 = Company Age
X_2 = Company Size
X_3 = Profitability
X_4 = Independent Commissioner Size
X_5 = Sharia Supervisory Board Size
i = Entity i
t = Period t
a = Constant
e = Variables outside the model

The estimation model employed in this study examines the effect of five independent variables Company Age, Company Size, Profitability (ROA), Independent Commissioner Size, and Sharia Supervisory Board Size on the dependent variable, Islamic Social Reporting (ISR). The analysis uses panel data regression to control for both cross-sectional and time-series variations across the 16 Islamic banks during the study period.

Data were processed and analyzed using EViews 12 software with panel data regression techniques, applying Common Effect, Fixed Effect, and Random Effect models. The most suitable model was selected based on the results of the Chow Test, Hausman Test, and Lagrange Multiplier Test. Descriptive and comparative analyses were also conducted to identify differences in ISR disclosure determinants between government-owned and private Islamic banks.

3. Results and Discussions

Table 3. Results of Descriptive Statistical Analysis

Variabel	Obs	Mean	Std. dev.	Min	Max
ISR (Y)	81	0.7048	0.0981	0.4418	0.8604
Age (X1)	81	11.1743	5.8329	1.2690	30.6670
Size (X2)	81	7.1342	0.5213	6.1060	8.4850
ROA (X3)	81	1.2223	3.9043	-10.8500	12.3700
SB_Size (X4)	81	2.3456	0.6156	1.0000	4.0000
Com_Size (X5)	81	2.2592	0.6851	1.0000	5.0000

Source: Processed data (2025)

The findings of a six-year research period (2017–2022) descriptive statistical analysis based on 81 observations from 16 Islamic banks are shown in Table 3. The standard deviation (std.dev.) A form of ISR variable is less than the mean ISR (0.0981 < 0.7048). The standard deviation (std.dev.) for the firm age variable is likewise lower than the mean company age (5.8329 < 11.1743). In the same way, the standard deviation (std.dev.) for the company size variable is lower than the mean (0.5213 < 7.1342). The standard deviation (std.dev.) of the profitability variable, which is determined by ROA (3.9043 > 1.2223), is higher than the mean ROA. The standard deviation (std.dev.) along with DPS variable is less than the mean DPS size (0.6156 < 2.3456). Finally, the Size of Commissioners who are independent variable demonstrates that the mean size of independent commissioners (0.6851 < 2.2592) is greater than the standard deviation (std.dev.).

Results of Panel Data Model Estimation

The CEM, FEM, and REM are the three methods used to estimate the parameters of panel data models. In order to ascertain which of these three approaches is the best suitable model, the following testing procedures are carried out:

Table 4. Chow Test Results

Effects Test	Privately owned	Government-owned
Prob > F	0.0551	0.0016

Source: Processed data (2025)

The Chow Test is used to compare the FEM and the CEM to find determine which is superior. Lessons learned about the Chow test are shown in Table 4, where the government's profitability value is 0.0551 > 0.05. Consequently, a Lagrange Multiplier test must be performed, and the grouped dataset regression model of choice is the CEM. In the meantime, 0.0016 < 0.05 is the likelihood value for National Private. Consequently, the FEM is the chosen panel data regression model, and a Hausman test must be performed.

Table 5. Hausman Test Results

Effects Test	Privately owned
Prob > chi2	0.0003

Source: Processed data (2025)

The optimal model between the REM and FEM models is chosen using the Hausman Test. The Hausman test findings for National Private, with a probability value of 0.0003 < 0.05, are displayed in Table 5. Consequently, the FEM is the last data from a panel a regression model is that was chosen.

Table 6. Lagrange Multiplier Test Results

Effects Test	Government-owned
Prob > chi2	0.0000

Source: Processed data (2025)

The choice amongst the REM and the CEM is made using the LM test. The Government's Lagrange Multiplier test results, with a probability value of 0.000 < 0.05, are displayed in Table 6. As a result, the REM is the last panel data regression model that was chosen.

Feasibility Test of the Panel Data Regression Model

The REM is the last panel data regression model that the government has chosen.

Table 7. Estimation on Government Sharia Commercial Banks

Variabel	Coefficient	Std. err.	z	P>|z|
Age	0.0083	0.0035	2.34	0.019
Size	0.1292	0.0325	3.96	0.000
ROA	0.0069	0.0063	1.11	0.269
Com_Size	0.0018	0.0149	0.12	0.902
SB_Size	-0.0372	0.0177	-2.09	0.036
_Cons	-0.2253	0.2086	-1.08	0.280
Adjusted R-squared		0.7440		

Source: Processed data (2025)

According to Table 7, the t-test results for the Company Age variable indicate a t-value of 2.34, which exceeds the t-table value of 2.04, with a significance level of 0.019, which is below the 0.05 threshold. These findings suggest that Islamic Social Reporting (ISR) in Government Sharia Commercial Banks is positively influenced by Company Age. Furthermore, the Company Size variable records a t-value of 3.96, which is higher than the t-table value of 2.04, and a significance level of 0.000, which is less than 0.05. Accordingly, hypothesis H2a is accepted, indicating that Company Size has a positive and significant effect on ISR in Government Sharia Commercial Banks.

With a t-value of 1.11, which is lower than the critical t-table value of 2.04, and a significance level of 0.269, exceeding the 0.05 threshold, the profitability variable does not have a significant effect on Islamic Social Reporting (ISR) in Government Sharia Commercial Banks (BUS). Likewise, the Size of Independent Commissioners variable exhibits a t-value of 0.12, which is below the t-table value of 2.04, and a significance level of 0.902, which is greater than 0.05. These results indicate that the Size of Independent Commissioners does not have a significant positive effect on ISR in Government Sharia Commercial Banks.

With a significance level of 0.036, which is below the 0.05 threshold, and a t-value of 2.09, exceeding the t-table value of 2.01, the Size of the Sharia Supervisory Board (DPS) variable exhibits a statistically significant negative coefficient. This finding indicates that the size of the DPS does not have a positive effect on Islamic Social Reporting (ISR) in Government Sharia Commercial Banks. Furthermore, the Adjusted R^2 value for the Government model is 0.744, indicating that 74.4% of the variation in ISR can be explained by the independent variables included in this study. The remaining 25.6% of the variation is attributable to other factors not incorporated into the research model.

Meanwhile, The FEM is the last panel data regression model used for National Private.

Table 8. Estimation on National Private Sharia Commercial Banks

Variabel	Coefficient	Std. err.	t	P>|t|
Age	0.0196	0.0088	2.24	0.032
Size	-0.0083	0.1344	-0.06	0.951
ROA	-0.0003	0.0033	-0.12	0.909
Com_Size	-0.0056	0.0312	-0.18	0.801
SB_Size	-0.0107	0.0422	-0.25	0.858
_Cons	0.5283	0.8545	0.62	0.540
Adjusted R-squared		0.1680		

Source: Processed data (2025)

The t-test results presented in Table 8 show that the Company Age variable has a t-value of 2.24, which exceeds the t-table value of 2.01, and a significance level of 0.032, which is below the 0.05 threshold. These results indicate that Islamic Social Reporting (ISR) in National Private Sharia Commercial Banks is positively and significantly influenced by Company Age. In contrast, the Company Size variable records a significance level of 0.951, which exceeds 0.05, and a t-value of 0.06, which is lower than the t-table value of 2.01, with a negative coefficient. This finding suggests that Company Size does not have a positive effect on ISR in National Private Sharia Commercial Banks.

With a significance level of 0.909, which exceeds the 0.05 threshold, and a t-value of 0.12, which is lower than the t-table value of 2.01, the Profitability variable exhibits a negative coefficient and does not have a positive effect on Islamic Social Reporting (ISR) in National Private Sharia Commercial Banks. Similarly, the Size of Independent Commissioners variable records a significance level of 0.801, which is greater than 0.05, and a t-value of 0.18, which is below the t-table value of 2.01, also with a negative coefficient. These results indicate that the Size of Independent Commissioners does not have a positive impact on ISR in National Private Sharia Commercial Banks.

With a significance level of 0.858, which exceeds the 0.05 threshold, and a t-value of 0.25, which is lower than the t-table value of 2.01, the Size of the Sharia Supervisory Board (DPS) variable exhibits a negative coefficient and does not have a positive effect on Islamic Social Reporting (ISR) in National Private Sharia Commercial Banks. Furthermore, the Adjusted R^2 value for the National Private model is 0.168, indicating that the independent variables included in this study explain 16.8% of the variation in ISR. The remaining 83.2% of the variation is attributable to other factors not captured in the research model.

Company Age and ISR

The results show that Company Age has a significant positive effect on ISR disclosure in both Government and National Private Islamic Banks. This indicates that the longer a bank has been operating, the greater its tendency to disclose ISR information. Older banks possess broader institutional experience, more stable management systems, and stronger stakeholder trust, which encourage them to maintain transparency and accountability.

From an empirical perspective, older institutions have accumulated social credibility and resources that enable participation in social and community-based activities, aligning with their developmental roles. Theoretically, according to Legitimacy Theory, long-established banks have a stronger need to sustain public approval, using ISR as a means to reinforce legitimacy and demonstrate alignment with Islamic values. Similarly, Stakeholder Theory suggests that older firms face more diverse and demanding stakeholder expectations, prompting wider disclosure to maintain trust.

Logically, ISR disclosure requires well-developed internal systems and experience. Longer-established banks already have reporting infrastructures and lower marginal disclosure costs, making ISR implementation more consistent and comprehensive. These findings are consistent with previous studies (Hussain et al., 2021; Sukardi et al., 2022), which found that firm age positively affects ISR disclosure, although some research (Lestari, 2013; Rama, 2014) reported no significant relationship.

Company Size and ISR

The results indicate that Company Size has a significant positive effect on ISR disclosure in Government Islamic Banks, but no significant effect in National Private Islamic Banks. Larger government-owned banks tend to disclose more ISR information because their public visibility and accountability demands are higher. These institutions manage community based funds and are under closer scrutiny from regulators and the public, which motivates them to demonstrate transparency and compliance with social and Islamic principles through ISR disclosure (Nafisah, 2023). From a theoretical standpoint, this finding aligns with Legitimacy Theory, which posits that larger organizations face greater societal pressure to justify their activities by disclosing social and environmental information (Adnan et al., 2023). This positive association is consistent with prior studies (Hussain et al., 2021; Lestari, 2013; Rama, 2014; Nafisah & Ramadhani, 2023), which also found that larger firms are more likely to engage in broader ISR disclosure.

In contrast, the effect of company size on ISR among National Private Islamic Banks is statistically insignificant. Empirically, this suggests that private banks prioritize financial performance and operational efficiency over voluntary social disclosure. Because ISR remains non mandatory, managerial decisions may focus more on profitability and market competition than on expanding ISR reporting (Sukardi et al., 2022). Logically, large private banks may rely on other signaling mechanisms such as product innovation, digital service quality, or financial ratings to establish legitimacy rather than extensive ISR disclosure. In contrast, government banks, by virtue of their ownership and public accountability, use ISR as a visible tool to maintain legitimacy and fulfill stakeholder expectations.

Profitability (ROA) and ISR

The results show that Profitability, as measured by Return on Assets (ROA), does not have a significant positive effect on Islamic Social Reporting (ISR) disclosure in either Government or National Private Islamic Banks. This finding indicates that the level of profitability does not determine how broadly banks disclose ISR-related information, suggesting that social responsibility practices in Islamic banking are not primarily driven by short-term financial performance. Empirically, the absence of a significant relationship implies that both types of banks disclose ISR information for ethical or regulatory reasons rather than as a consequence of profit generation. Islamic banks guided by sharia principles view social disclosure as part of their moral and religious obligation, not merely a financial decision. This aligns with the notion that ISR reflects spiritual accountability and transparency to stakeholders rather than a profit-maximizing strategy (Sukardi et al., 2022).

Theoretically, this result diverges from the Legitimacy Theory assumption that higher profitability encourages greater social disclosure, as profitable firms seek to enhance their image by reporting social activities (Anggraini & Wulan, 2015). Instead, it supports a Stakeholder Theory perspective within the Islamic context, where disclosure serves to fulfill the expectations of stakeholders concerning ethical conduct and compliance with Islamic law, independent of profit levels. Logically, profitability fluctuates yearly and represents short-term performance, while ISR disclosure reflects long-term strategic and moral commitments embedded in corporate policy. Many ISR activities such as community engagement, zakat distribution, and educational programs are non financial in nature, making them less sensitive to profit variation. These findings are consistent with previous studies (Risiana et al., 2015; Prasetyoningrum, 2019; Umiyati & Baiquni, 2019; Ros Haniffa, 2002), which concluded that profitability does not significantly influence ISR disclosure in Islamic financial institutions.

Size of Independent Commissioners

The results show that the Size of Independent Commissioners does not have a significant positive effect on Islamic Social Reporting (ISR) disclosure in either Government or National Private Islamic Banks. Empirically, this finding indicates that an increase in the number of independent commissioners does not necessarily enhance the quality or quantity of ISR disclosure. Independent commissioners mainly function as management supervisors who oversee general governance matters but are not directly involved in daily operational or reporting activities (Pawestry, 2023). Their roles are primarily advisory providing guidance to ensure good corporate governance yet their influence on social or sharia based disclosure remains limited.

Theoretically, this finding partially contradicts Legitimacy Theory, which assumes that independent commissioners strengthen a company's legitimacy by monitoring and encouraging transparent social disclosure. In practice, however, independent commissioners may focus more on financial performance and regulatory compliance than on ISR reporting. Within the Stakeholder

Theory framework, this suggests that the board's independence alone is insufficient; effectiveness in addressing stakeholder expectations depends more on expertise and commitment to ethical and social dimensions. Logically, the insignificant effect may stem from several factors: ISR responsibilities are often delegated to management or the Sharia Supervisory Board (DPS), making the commissioners' oversight indirect, independent commissioners may lack specific competence in Islamic or sustainability reporting, and adding more members can create procedural complexity without improving disclosure quality.

This result aligns with previous studies (Lestari, 2013; Mais & Alawiyah, 2020) that found no relationship between ISR disclosure and board independence. However, other research (Nurdin & Mir'atun, 2018) suggests that board independence can influence ISR only when commissioners actively engage in promoting social and ethical transparency.

Sharia Supervisory Board (DPS) Size and ISR

The results show that the Size of the Sharia Supervisory Board (DPS) has a negative and significant effect on ISR disclosure in Government Islamic Banks, while in National Private Islamic Banks the effect is not significant. Empirically, this indicates that a larger number of DPS members does not necessarily improve the quality of sharia compliance supervision or enhance ISR disclosure. In government owned banks, having too many DPS members can reduce coordination efficiency, slow decision-making, and weaken the board's ability to monitor sharia implementation effectively (Murdiansyah, 2021). Excessive board size may also dilute accountability and lead to communication barriers that hinder consistent reporting. Other studies (Abadi et al., 2020) similarly highlight that DPS size can influence ISR, but its impact depends on the quality of oversight and the clarity of responsibilities among board members.

Theoretically, based on Legitimacy Theory, the DPS should serve as a mechanism to reinforce public confidence by ensuring adherence to Islamic values and ethical operations. However, when the DPS becomes too large, coordination inefficiencies and overlapping authority can instead undermine its legitimacy building function. From the perspective of Stakeholder Theory, stakeholders expect the DPS to uphold transparency and sharia integrity. When the DPS role becomes merely formalistic, it fails to meet stakeholder expectations for ethical accountability.

Logically, in government banks, DPS expansion often reflects bureaucratic structure and multiple layers of authority, leading to slower responsiveness and limited focus on ISR initiatives. In contrast, in national private banks, DPS tends to exist mainly to satisfy regulatory requirements. As Wardani and Sari (2018) point out, many private banks treat DPS membership as a compliance formality rather than as an active governing body with substantial influence over disclosure practices. Consequently, DPS size in private banks has little to no effect on ISR transparency.

This finding aligns with prior research (Kyka Marharani et al., 2016; Murdiansyah, 2021; Nurhikmah et al., 2018), which found that DPS size does not significantly enhance ISR disclosure. Overall, the results emphasize that the effectiveness and competence of DPS members rather than their number determine the success of sharia supervision and the consistency of ISR reporting.

4. Conclusions

This study examined the determining factors of Islamic Social Reporting (ISR) disclosure in Government and National Private Islamic Banks in Indonesia for the 2017–2022 period. The results show that Company Age significantly enhances ISR disclosure in both groups, reflecting the influence of organizational maturity and accumulated experience in maintaining transparency. Company Size positively affects ISR disclosure only in Government Islamic Banks, indicating that larger public institutions face greater visibility and accountability pressures. In contrast, Profitability (ROA) and Independent Commissioner Size do not significantly influence ISR disclosure in either group, suggesting that financial performance and formal governance structure are not primary determinants of social transparency. Furthermore, the Sharia Supervisory Board (DPS) Size has a negative and significant effect in Government banks, but no effect in Private banks, highlighting the potential inefficiency that arises from excessive board size.

Theoretically, these findings are consistent with both Legitimacy Theory and Stakeholder Theory**.** Older and larger organizations tend to disclose more ISR information as part of their efforts to maintain legitimacy, fulfill stakeholder expectations, and reinforce social trust. Meanwhile, profitability and formal governance composition show limited influence, implying that the quality of ethical commitment and governance effectiveness matters more than financial performance or board size. The negative association between DPS size and ISR further supports the argument that efficient coordination and competence within sharia governance structures are more crucial than the number of supervisory members.

Practically, these results suggest that Islamic banks particularly government-owned institutions should strengthen the effectiveness and specialization of their Sharia Supervisory Boards to enhance disclosure quality. Private Islamic banks are encouraged to integrate ISR more strategically into their corporate communication and stakeholder engagement processes. Regulators such as the Otoritas Jasa Keuangan (OJK**)** and Dewan Syariah Nasional (DSN MUI) can play a key role by providing clearer guidelines and competency based training for DPS and board members to ensure that ISR practices become more standardized, credible, and reflective of true Islamic social accountability.

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