

Islamic social reporting disclosure and firm value: Empirical Study of Firms Listed in Jakarta Islamic Index

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Abstract

This study explains the influence of company size, profitability, environmental performance on firm value through Islamic Social Reporting (ISR) disclosure. The research is research explanatory which used secondary data listed companies at Jakarta Islamic Index (JII) by 2013 – 2017. The research results show that the size has positive effects not significant toward Islamic Social Reporting (ISR) disclosure. The size of the company also directly influence positively but not significantly to firm value, insignificant effect mediation through Islamic Social Reporting (ISR) disclosure. Profitability has a negative significant toward Islamic Social Reporting (ISR) disclosure and firm value positive insignificant effect mediation through Islamic Social Reporting (ISR) disclosure. Environmental performance has a positive significant impact on ISR disclosure and firm value but has no significant effect through ISR disclosure. This study also found that the influence of ISR disclosure has a positive insignificant effect on firm value.

Keywords

Islamic social reporting disclosure, company value

1. Introduction

Today's business environment is more complicated than ever. Investors are forcing managers to focus on value maximization. For most companies and at most times, managers do focus on shareholder value maximization, because in the long run stockholders do remove directors and managers who fail in their fiduciary duty (Brigham and Daves 2007). The value of the company is the investor's perception of the level of success of the company that is closely related to its stock price (Sujoko and Ugy 2007). High stock prices make the value of the company also high, and increase market confidence not only in the company's current performance but also in the company's prospects in the future.

The stock price used generally refers to the closing price and is the price that occurs when the stock is traded on the market (Fakhruddin and Sopian 2001). Corporate value as a form of investor response and the image formed of a company is influenced by several factors including profitability, company size, capital structure, company growth, and so forth. The formation of the company's positive image is described through social responsibility activities known as Corporate Social Responsibility Disclosure (CSR). CSR disclosure activities are used by companies to take a role and in facing the economy towards a free market. CSR is an idea makes the company no longer faced with the responsibilities are based on the single bottom line, namely corporate value which is reflected in its financial performance (financial) but the company's responsibility must also be based on the triple bottom line which includes economic aspects/profit, social/people, and environment/planet (Achmad Daniri 2008).

The importance of CSR activities carried out by the company is not enough to only be answered by stating that CSR has been mandated by the Law. If CSR is considered important only because of law, companies will tend to be forced and half-heartedly implementing CSR. There must be a philosophical understanding and ethical commitment to CSR. The importance of CSR needs to be based on the company's awareness of the facts about

the gap between prosperity and destitution, both at the global and national levels. Therefore, it is obligatory or not, CSR must be a commitment and concern among business people to take part in an effort to reduce humanitarian problems. The implementation of the CSR in Indonesia is trustful the act of No.40 /2007 about limited company article 74 (UU No. 40/2007) and the act of No.25/2007 on investment article 15, article 17 and article 34 (UU No. 25/2007) supported by a government regulation the Republic of Indonesia No. 47/2012 about the social and environmental responsibility of the limited company (PP No.47/2012). Government regulations arranged regarding the responsibility of the social and environmental company that aims to realize the sustainable economic development in order to improve the quality of life and environment that worthwhile to the local community the company itself in order to intertwining the company relationship each other, balanced, and in accordance with the environment, a norm, local and culture of community.

CSR practices are currently still more widely applied by mining and manufacturing companies. However, in line with the global trend of CSR practices, almost all industries have implemented these practices, especially listed companies capital market. For publicly listed companies listed as sharia issuers, CSR practices should be able to prove that the company actually carries out its operational activities in accordance with Islamic values, one of which is measured by the Islamic Social Reporting Index Model (ISR Index model). The application of sharia values is expected to have an impact on the creation of value for shareholders as has become the goal of business and company management.

The ISR index is a compilation of CSR disclosure standard items set by AAOIFI (Accounting and Auditing Organization for Islamic Financial Institution) which is used as an indicator in reporting the social performance of sharia business institutions. There are five themes for ISR Index disclosure, namely the theme of funding and investment, products and services themes, employee themes, community themes, and environmental themes (Haniffa 2002). It developed by adding a theme of disclosure, namely the theme of corporate governance (Othman et al. 2009). Each disclosure theme has a sub-theme as an indicator of the disclosure of the theme. Some previous ISR Index researchers have differences in the number of sub-themes used, depending on the object of research used. The research found that the size of the board of commissioners had no significant effect on ISR disclosure (Lestari 2013), while other research found that the size of the board of directors had a significant effect on ISR disclosure on Islamic banking (Bayu et al. 2017). Meanwhile, the size of the Sharia Supervisory Board (DPS) did not significantly influence ISR disclosure of Islamic banking.

The research found that firm size had a significant effect on ISR disclosure (Othman et al. 2009), Meanwhile other found the size of the company had no significant effect on ISR disclosure (Maulida et al. 2014). The type of industry has a significant positive effect on ISR disclosure (Septi widiawati 2012), whereas other found that the type of industry has a significant effect on ISR disclosure (Othman et al. 2009). Research on CSR disclosures based on the ISR index is still very rare in Indonesia. Previous studies still focus more on certain factors that influence ISR disclosure without seeing the influence of ISR on other variables. This study analyzes the practice of CSR disclosure through the ISR index on industries listed as sharia issuers in the Jakarta Islamic Index (JII) and analyzes the effect of ISR disclosure on firm value.

2. Literatur Review

Islamic Social Reporting (ISR)

ISR is a sharia-based company social performance reporting standard was developed based on reporting standards based on Accounting & Auditing Organization for Islamic Financial Institution (AAOIFI). Meanwhile, the ISR Index is an extension of social performance reporting standards that includes people's expectations of the role of companies in the economy, the role of companies in a spiritual perspective and also emphasizes social justice related to the environment, minority rights and employees. Islamic Social Reporting (ISR) was needed for the Muslim community with the objectives of demonstrating accountability to Allah and the community and to increase transparency of business activities by providing relevant information in conformance to the spiritual needs of the Muslim decision-makers (Haniffa 2002).

Company Size And ISR

Company size could be determined based on the size of equity, company value, as well as the total assets (Bambang Riyanto 2001). Company size is an estimator variable in the annual report that mostly being used to explain various aspect of the company. It related with agency theory, in which the larger company having high agency cost would explore more information to reduce the agency cost (Watts et al. 1983); (Elzahar et al 2012). Company size would affect company decisions to open the information in the annual report (Ousama and Fatima 2006). Company size positively and significantly related with the level of disclosure (Alsaeed 2006); (Al Mutawaa et al. 2010). Large firms were more likely to disclose more risk information in the narrative sections of interim reports (Elzahar et al 2012).

Profitability and ISR

Profitability is the ability of the company to gain benefit related with selling, total activa, and capital (Brigham and daves 2007). In the Islamic perspective, the company must be agree to have full disclosure either it made profit or not (Baydon and Willett 2000). The research showed positive correlation between profitability and the level of ISR disclosure. Profitability have a significant positive effect on Islamic social reporting. Therefore, the higher the profitability, the wider the ISR (Othman et al. 2009); (Lestari 2013).

PROPER and ISR

Environmental performance shows the company's concern in producing and maintain a good environment. Environmental performance can be measured through the results of government assessments of companies that take part in the Corporate Performance Rating Program in Environmental Management (PROPER in Indonesia). The proxy used for environmental performance is PROPER ranks. PROPER is a program from Indonesia Ministry of Environment to supervise and control the environmental performance of the companies in Indonesia through information disclosure instrument. The PROPER ranks consist of 5 colors:

Gold : Very very good

Green : Very good

Blue : Good

Red : Bad

Black : Very bad

The results of previous research showed the effect of environmental performance and ISR disclosure (Maulida et al. 2014) and the other research which showed that environmental responsibility significantly influences the disclosure of corporate social responsibility (Oktariani and mimba 2014)

But the other research also found the information about corporate environmental performance in the form of PROPER ranks which is issued by Indonesia Ministry of Environment (KLH) does not significantly influence the value added of the firm (Rahma and Murdiyati 2017).

Corporate social responsibilities (CSR)

Concept of CSR thrive not only in the companies of conventional economics, but also in islamic economics. Concept of CSR in Islam strongly related with companies implementing Islamic rules in its bussiness activities. The definitive parameters of Islamic Social Responsibility must be based on the overall achieving of the objectives of the syariah company; to promote good (justice) and forbid evil (injustice), and roomates he is manifested in the concept of protecting faith, life, intellect, posterity, and wealth of mankind (Hassan and mahlknect 2011). CSR portrays that companies are socially responsible and sensitive to stakeholders concern. Then it will minimize possibilities of conflict that may happen among stakeholders. The increasing of social awareness in globalization era reveals up the demand of doing business ethically without lack of social responsibility. Companies are insisted on running their increased social products that build good image of a company. Therefore, it encourages society (investors and candidate of investors) to trust and invest syariah based institutions (Nanda et al 2018).

Firm value

According to the shareholder theory, the primary purpose of a firm is usually defined as value maximization (for shareholders). By this we refer to maximization of a firm's equity, which is in fact the present value of expected benefits (cash flows) that shareholders can expect from the firm. According to this definition, a firm's value can be maximized only when expected benefits are maximized in the long-run. By this we should keep in mind that value maximization (of equity) is not equivalent to profit maximization. Expected profits can only to a certain extent explain the market value of the equity. Firms value was investor perception of company that often associated with stock prices. Firm value was something very important in investment transactions. Firms value will be reflected in market price of its stock. The increase of firms value can attract investors to invest. Interested investors would want a return (profitability) that higher (Harunan 2008).

3. Research methodology

Research design

This research is an exploratory research study which aims to explain the effect of firm size, profitability, environmental performance on firm value through ISRD in companies listed in the Jakarta Islamic Index (JII).

Unit of analysis

The unit of analysis is the company listed in Jakarta Islamic Index (JII) period 2013 – 2017 namely Astra Agro Lestari, Tbk; PP London Sumatra Indonesia, Tbk; Indofood Sukses Makmur, Tbk; Unilever Indonesia, Tbk; Semen Indonesia, Tbk; United Tractors, Tbk; AKR Corporindo, Tbk; Tambang Batubara Bukit Asam, Tbk dan Indocement Tungal Prakarsa, Tbk.

Method of data analysis

Based on goals and research design, structural equations (structural models) are as follows:

$$Y_1 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + Z_1$$

$$Y_2 = \alpha_0 + \alpha_1 Y_1 + \alpha_2 X_1 + \alpha_3 X_2 + \alpha_4 X_3 + Z_2$$

Y_1 = ISR disclosure index

Y_2	= firm value
X_1	= Size
X_2	= Profitability
X_3	= Environment performance
$\alpha_1 \dots \alpha_n ; \beta_1 \dots \beta_n$	= Path coefficient of regression
Z_1 and Z_2	= Error term
α_0 and β_0	= Constanta

Research variable

Firm size is proxied by the natural logarithm of total assets (Ln total assets)

Profitability is proxied by Return on Equity (ROE)

Environmental performance is proxied by the PROPER rating system by the Ministry of Environment of the Republic of Indonesia.

ISR disclosures are proxied by the ISR disclosure index developed previous research (Haniffa 2002); (Othman et al. 2009)

Firm value Nilai proxied by Tobin's Q

$$\text{Tobin's Q} = \frac{(\text{ME} + \text{DEBT})}{\text{TA}}$$

ME = multiplying the number of common stock outstanding at the end of the year with the closing price of the shares (closing price) at the end of the year,

DEBT = total debt plus inventory minus current asset

TA = book value of total asset.

4. Result and Discussion

Linearity test aims to determine whether two variables have a linear or not significant relationship. This test is usually used as a prerequisite in correlation analysis or linear regression. Testing on SPSS using Test for Linearity with a significance level of 0.05. Two variables are said to have a linear relationship if the significance (Linearity) is more than 0.05 or less than 0.05. The results of linearity testing that have been carried out are presented in Table 1 below:

Table 1. linearity test

No.	Correlation	Result	Conclusion
1.	Size on ISR Disclosure	Linear significant model (significant Linear 0.939 > 0.05)	Linear
2.	Profitability on ISR Disclosure	Linear significant model (significant Linear 0.023 > 0.05)	Linear
3.	Environment on ISR Disclosure	Linear significant model (significant Linear 0.779 > 0.05)	Linear
4.	Size on corporate value	Linear significant model (significant Linear 0.176 > 0.05)	Linear
5.	Profitability on firm value	Linear significant model (significant Linear 0.055 > 0.05)	Linear
6.	Environment on firm value	Linear significant model (significant Linear 0.672 > 0.05)	Linear
7.	ISR Disclosure on firm value	Linear significant model (significant Linear 0.693 > 0.05)	Linear

Source: Proceed data, 2017

The results of the linearity test above show that the linearity relationship between variables. The results of the linearity test show that all models are in significant linear form. Based on the significance value, obtained the significance value of the company size towards ISR disclosure of 0.939 is greater than 0.05, which means that there is a significant linear relationship between firm size variables and ISR disclosure. Profitability variable, the significance value of profitability on ISR disclosure of 0.023 less than 0.05, which means that there is a significant linear relationship between the profitability variables and ISR disclosure. Whereas obtained the significance value of environmental performance against ISR disclosure is 0.779 greater than 0.05, which means there is a significant linear relationship between environmental performance variables on ISR disclosure.

The significance value of the company size of 0.613 is greater than 0.05, which means a significant linear relationship between the variable size of the company and the value of the company. For the relationship between profitability variables the significance value of profitability to the company value of 0.055 greater than 0.05, which means there is a significant linear relationship between the variables of profitability and the value of the company. Whereas for environmental performance variables, obtained the significance value of environmental performance against the company value of 0.672 greater than 0.05, which means that there is a significant linear relationship between the company's environmental performance against the value of the company. The significance value of

the linear relationship variable ISR disclosure of the firm value is 0.693 greater than 0.05, which means there is a significant linear relationship between ISR disclosure of the value of the company.

Goodness of Fit Model

Examination of the goodness of fit model in PLS can be seen from the predictive-relevance (Q^2) value. Q^2 value is calculated based on the R^2 value of each dependent variable as seen in the table below:

Table 2. Determination coefficient (*R-Square*)

Variable	<i>R-Square</i> (R^2)
ISR disclosure	0,092
Firm value	0,963

Source: proceed data, 2017

Based on R^2 each dependent variable, value of Q^2 can be calculated as follows:

- (a). Value of R^2 for ISR disclosure variable is 0.092 or 9.2%. This indicates that 9.2% of ISR disclosure is influenced by company size, profitability and environmental performance.
- (b). Value of R^2 for the company value variable is 0.963 or 96.3%. This indicates that 96.3% of the Company's Value is influenced by company size, profitability, environmental performance, and ISR disclosure.

The predictive relevance value (Q^2) can be calculated as follows:

$$Q^2 = 1 - (1 - R_1^2)(1 - R_2^2)$$

$$Q^2 = 1 - (1 - 0.092)(1 - 0.963)$$

$$Q^2 = 0.9664$$

The calculation results show the predictive-relevance (Q^2) value of 0.9664 or 96.64% is very high value, so that the model has a relevant predictive value. The predictive relevance value of 96.64% indicates that the diversity of data that can be explained by the PLS model built is 96.64% or in other words the information contained in 96.64% data can be explained by the model. While the remaining 3.36% is explained by other variables (which are not contained in the model) and errors.

Result of inner model

Direct effect

Based on the test results, a regression equation for the first and second structural equation models is made, namely:

$$Y_1 = 0,130X_1 - 0,182X_2 + 0,209X_3 + \varepsilon_1$$

$$Y_2 = -0,009X_1 + 0,982X_2 + 0,009X_3 + 0,021Y_1 + \varepsilon_2$$

Table 3. result of direct effect

No.	Path	Inner Weight	Std. Error	P-Value	Remark
1.	$X_1 \rightarrow Y_1$	0,130	0,096	0,092	non significant
2.	$X_2 \rightarrow Y_1$	-0,182	0,096	0,033	significant
3.	$X_3 \rightarrow Y_1$	0,209	0,096	0,018	significant
4.	$X_1 \rightarrow Y_2$	-0,009	0,096	0,462	non significant
5.	$X_2 \rightarrow Y_2$	0,982	0,096	<0,001	significant
6.	$X_3 \rightarrow Y_2$	0,009	0,096	0,463	non significant
7.	$Y_1 \rightarrow Y_2$	0,021	0,096	0,415	non significant

Source: proceed data, 2017

Furthermore, from the results of these studies can also be concluded several things, namely as follows:

- (a). Testing the direct effect between the size of the company and ISR disclosure is 0.130 with a p-value of 0.092. Because the p-value is $0.092 > 0.05$, there is no significant direct effect between the size of the company and ISR disclosure. That is, the size or size of the company referred to in this study is the total assets of the company will not affect the height and low of the company's ISR disclosures listed on the JII 2013-2017 period.
- (b). The direct influence coefficient between profitability and ISR disclosure is -0.182 with a p-value of 0.033. Because the p-value is $0.033 < 0.05$, there is a significant direct effect between profitability and ISR disclosure. Given the inner weight coefficient is negative, indicating the relationship between the two is negative. That is, the higher the value of the company's profitability, the lower the ISR disclosure of companies listed on the JII 2013-2017.
- (c). The value of the inner weight coefficient direct influence between environmental performance on ISR disclosure is 0.209 with a p-value of 0.018. Because the p-value is $0.018 < 0.05$, there is a significant direct effect between environmental performance and ISR disclosure. Given the inner weight coefficient is positive, indicating the relationship between the two is positive. That is, the better the company's environmental performance, the higher the ISR disclosure of companies listed in the JII 2013-2017.
- (d). Inner weight coefficient direct influence between firm size and firm value is -0.009 with a p-value of 0.462. Because the p-value is $0.462 > 0.05$, there is no significant direct effect between the size of the company and

the value of the company. Given the inner weight coefficient is negative, indicating the relationship between the two is negative. That is, the size or size of the company referred to in this study is the total assets of the company will not affect the high and low value of the company in companies listed on the JII 2013-2017.

- (e). Inner weight coefficient direct influence between profitability and firm value is 0.982 with a p-value of <0.001. Because the p-value is 0.001 < 0.05, there is a significant direct effect between profitability and firm value. Given the inner weight coefficient is positive, indicating the relationship between the two is positive. That is, the higher the profitability of the company, the higher the value of companies listed in the JII 2013-2017.
- (f). Inner weight coefficient direct influence between environmental performance on company value is 0.009 with a p-value of 0.463. Because the p-value is 0.463 > 0.05, there is no significant direct effect between environmental performance and company value. Given the inner weight coefficient is positive, indicating the relationship between the two is positive. That is, the good or bad performance of the company's environment will not affect the high and low value of the company in companies listed on the JII 2013-2017 period.
- (g). Inner weight coefficient The direct effect between ISR disclosure on firm value is 0.021 with a p-value of 0.415. Because the p-value is 0.415 > 0.05, there is no significant direct effect between ISR disclosure and firm value. Given the inner weight coefficient is positive, indicating the relationship between the two is positive. That is, the high or low level of corporate ISR disclosure will not affect the high and low value of the company in companies listed on the JII 2013-2017 period.

Table 4. Indirect effect test Inner Model

Indirect effect	Test		Total effect	conclusion
	Diretc effect 1	Diretc effect 2		
X1 -> Y2 Mediated Y1 coefficient: 0.130 x 0.021 = 0.003	X1 -> Y1 coefficient: 0.130 non significant	Y1 -> Y2 coefficient: 0.021 non significant	0.151	non significant
X2 -> Y2 Mediated Y1 coefficient: -0.182 x 0.021 = -0.004	X2 -> Y1 Koef: -0.182 Significant	Y1 -> Y2 coefficient: 0.021 non significant	-0.161	non significant
X3 -> Y2 Mediated Y1 coefficient: 0.209 x 0.021 = 0.004	X3 -> Y1 Koef: 0.209 significant	Y1 -> Y2 coefficient: 0.021 non significant	0.230	non significant

Source: Proceed data, 2017

Based on table 4, can be explained as follows:

- (a). The indirect effect of the size of the company and the value of the company through ISR disclosure intermediaries, obtained by the magnitude of the indirect influence coefficient of 0.003. Based on the results of previous tests it is known that the direct influence of the two variables is insignificant between the size of the company and the value of the company is not significant, as well as between the ISR disclosure of the company value is not significant. So the indirect effect of the size of the company and the value of the company through the intermediary of ISR disclosure is insignificant. Thus, the size of the company does not affect the level of ISR disclosure, and indirectly also does not affect the value of the company.
- (b). The indirect effect between profitability and firm value through ISR disclosure intermediaries obtained an indirect coefficient of the influence of -0.004. Based on the results of previous tests it is known that the direct effect between profitability and firm value is significant, but between ISR disclosures to firm value are not significant. Then the indirect effect between profitability and firm value through ISR disclosure is insignificant. Thus, the amount of profitability affects the level of ISR disclosure but indirectly does not affect the value of the company.
- (c). Indirect influence between environmental performance on company value through ISR disclosure, obtained by the indirect coefficient of the influence of 0.004. Based on the results of previous tests it is known that the direct effect of environmental performance on the value of the company is significant, but between the ISR disclosure of the company's value is not significant. Then the indirect effect of environmental performance on company value through ISR disclosure intermediaries is not significant. Thus, good corporate environmental performance affects the level of ISR disclosure but indirectly does not affect the value of the company.

Discussion

The results of this study indicate that the greater the size of a company proxied by the company's total assets, the better the company will be in disclosing its social activities (ISR) but this relationship is not significant. In other words, changes in company size are not followed by changes in ISR disclosure. Larger companies should carry out more activities, causing a greater impact on the environment and stakeholders. The greater the size of the company, the more capital is invested so that large resources and funds within the company tend to have a wider demand for information on the company's reporting.

The results of this study indicate that the greater the profitability of a company proxied by return on assets (ROA), then the company's ISR disclosure tends to decrease. Based on previous theories, profitability is quite possible with regard to ISR disclosure, but in this study found different results. This may be due to the company's profits that have not been maximized to be allocated to company activities aimed at social activities that are in accordance with the themes expressed in the ISR index.

Companies will tend to use the profitability they have to obtain additional capital to expand the company. This is in line with the profitability theory which reveals that to be able to maintain its survival, a company must be profitable. Without profits, it will be very difficult for companies to withdraw capital from outside. The creditors, company owners and especially the management of the company will try to increase profits because they are well aware of the importance of profits for the company's future. Based on the results of the study found that the average company that has a high level of profitability has not been able to express social activities to the fullest, as in this study found that PT. Unilever Indonesia, Tbk which has the highest level of profitability in fact only get the ISR disclosure index rate of 69%, when compared to companies that have low profitability but are able to express social activities (ISR) to the maximum such as PT. Bukit Asam Coal Mine, Tbk which has an average profitability level of 20.42% but is able to disclose the highest corporate social activity (ISR) of 78.69%. This is what proves that the level of profitability of companies listed in the JII 2013-2017 period has a significant negative influence on the company's ISR disclosure.

The results of this study indicate that the better the company's environmental performance is proxied by the PROPER rating of a company issued by the Ministry of Environment, then the company's ISR disclosure will increase. This is because organizations like organisms must be able to adapt to their environmental conditions to survive and thrive. Companies that fail to change will die and become extinct, whereas those who are able to adapt will continue to grow and develop.

The results of this study indicate that if the size of the company proxied by the total assets of the company increases, the value of the company will decrease, but this effect is insignificant which means that the influence of company size will not affect the value of the company for companies listed in the JII 2013-2017 period. This indicates that investors do not really see the size of the company in investing in companies listed on the JII for the 2013-2017 period.

The results of this study indicate that profitability can be used as a variable that affects the value of the company. Where the higher the profitability of a company, the value of the company will also increase. This indicates that the profitability of a company will affect investors' policies on the investments made. The company's ability to generate profits will be able to attract investors to invest their funds to expand their business, whereas a low level of profitability will cause investors to withdraw their funds. Whereas for the company itself profitability can be used as an evaluation of the effectiveness of the management of the business entity. The contribution of increasing profits can provide an indication for shareholders that the return on investment is higher and the picture of the company's prospects are getting better because of the potential increase in profits on the amount of capital provided by the company owner. The better the company pays a return to shareholders, it will increase the value of the company. This can give a positive signal to investors so that the shares of a company will be increasingly in demand which will then increase the value of the company.

The results of this study indicate that if the company's environmental performance is good or increasing, it will increase the value of the company. But this increase is not significant, which means that environmental performance is not able to be a reference in assessing the value of the company. To influence the profitability mediated by ISR disclosures found insignificant results. This means that ISR disclosure is not able to mediate the relationship between profitability and firm value.

The results of this study indicate that the higher the level of ISR disclosure of a company, the value of the company will also increase, but this relationship is not significantly strong. In other words, changes in ISR disclosure were not followed by changes in the value of the company in companies listed in the Jakarta Islamic Index (JII) for the period 2013-2017. This is because the social responsibility activities carried out by companies listed on the JII 2013-2017 period have not referred to the ISR index so that the disclosure of social activities carried out does not significantly influence the firm value.

Conclusion

Firm size has a positive but not significant effect on ISR disclosure. This indicates that the size of the company proxied through the company's total assets does not affect the level of corporate ISR disclosure registered in JII for the 2013-2017 period.

Profitability has a negative and significant effect on ISR disclosure. This indicates that the higher the profitability value proxied through the company's Return on Assets (ROA), it will result in a decrease in the level of corporate ISR disclosures listed in the JII for the 2013-2017 period.

Environmental performance has a positive and significant effect on ISR disclosure. This indicates that the better the company's environmental performance, the higher the ISR disclosure of companies listed in the JII 2013-2017. The size of the company has a direct positive effect but not significant on the value of the company, and has no significant effect through ISR disclosure. This indicates that the size of the company does not affect the level of ISR disclosure, and indirectly also does not affect the value of the company. Or in other words, ISR disclosure is not able to mediate the relationship of company size to firm value.

Profitability has a direct and significant negative effect on the value of the company, but has no significant effect through ISR disclosure. This indicates that profitability affects the level of ISR disclosure, but indirectly does not affect the value of the company. Or in other words, ISR disclosure is not able to mediate the relationship of profitability to the firm value.

Environmental performance directly and positively influences the value of the company, but has no significant effect through ISR disclosure. This indicates that environmental performance affects the level of ISR disclosure, but indirectly does not affect the value of the company. Or in other words, ISR disclosure is not able to mediate the relationship between environmental performance and firm value.

ISR disclosure has a positive but not significant effect on the value of the company. This indicates that the high or low level of corporate ISR disclosure does not affect the value of the companies listed on the JII 2013-2017 period.

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