

Islamic Social Reporting (ISR) Analysis in Indonesia and Malaysia

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Abstract. *The purposes of this study are to examine the effect of company size, profitability, the board of commissioners, proportion of independent commissioners, and frequency of meetings on the level of Islamic Social Reporting (ISR) in Indonesia and Malaysia and to test whether there are difference ISR systems in Indonesia and Malaysia. The sample of this study is ten companies that issued Sukuk at Indonesia Sharia Stocks Index and eight companies on Malaysia Stock Exchange in 2013-2017. Multiple regression and different tests are used in this research as analysis techniques. The results show that the size of the company affects the level of ISR positively in Indonesia, but not in Malaysia. Profitability, board size, and the proportion of independent commissioners do not affect ISR levels in both countries. The frequency of board of commissioner meetings affect ISR levels in Indonesia and Malaysia positively, and there is difference ISR system in the two countries. This research implies that there is a need for regulations considering ISR disclosure in Indonesia to improve the quality of ISR disclosure to the stakeholders.*

Keywords: *Indonesia, Malaysia, Islamic Social Reporting*

Abstrak. *Tujuan penelitian ini adalah untuk menguji pengaruh ukuran perusahaan, profitabilitas, dewan komisaris, proporsi komisaris independen, dan frekuensi rapat terhadap tingkat ISR (Islamic Social Reporting) di Indonesia dan Malaysia, dan untuk menguji apakah ada perbedaan ISR di Indonesia dan Malaysia. Sampel penelitian ini adalah 10 perusahaan yang menerbitkan Sukuk di Indeks Saham Syariah Indonesia dan 8 perusahaan di Bursa Saham Malaysia pada 2013-2017. Dalam analisis, penelitian ini menggunakan teknik regresi berganda (multiple regression) dan uji beda (difference tests). Hasil penelitian menunjukkan bahwa ukuran atau besarnya perusahaan berpengaruh positif secara signifikan terhadap tingkat ISR di Indonesia namun tidak terbukti di Malaysia. Sementara itu, profitabilitas, ukuran dewan komisaris, dan proporsi dewan komisaris independen tidak berpengaruh terhadap tingkat ISR di Indonesia dan Malaysia. Frekuensi rapat dewan komisaris berpengaruh positif secara signifikan terhadap tingkat ISR di Indonesia dan Malaysia; dan ada perbedaan tingkat ISR di Indonesia dan Malaysia. Implikasi dari penelitian ini adalah perlu adanya regulasi yang mengatur tentang ISR di Indonesia untuk meningkatkan kualitas penyajian ISR kepada stakeholder.*

Kata kunci: *Indonesia, Malaysia, Islamic Social Reporting*

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Introduction

According to the World Business Council on Sustainable Development (WBCSD), Corporate Social Responsibility (CSR) is a commitment from the company to implement ethics behavior; and to contribute to the sustainable economic development by paying attention to corporate social responsibility and focusing on the balance between economic, social and environmental aspects. The concept of CSR does not only exist in conventional economics but also develops in Islamic economics.

Islamic measurement of CSR does not only cover material aspects but also includes spiritual and moral aspects. The fulfilment of corporate responsibility in the Islamic concept can be seen through the Islamic Social Reporting (ISR) disclosure. Islamic Social Reporting framework was developed by Haniffa (2002) and modified by Othman and Thani (2010), covering six themes namely, funding and investment, products and services, employees, society, environment, and corporate governance.

The disclosure of corporate social responsibility in conventional context has been widely discussed in previous research, but research in ISR disclosure is still limited, so this study uses research from a conventional social responsibility disclosure context. ISR disclosure in the Indonesian context is still voluntary up until now, and there are no specific regulations governing the ISR index disclosure items (Jannah and Asrori, 2016).

Based on previous research, company size, profitability, the board of commissioners and the proportion of independent commissioners influence ISR disclosure (Kurniawati and Yaya, 2017). This research supported Othman et al. (2009) and Ousama and Fatimah (2006) and was different from Murtanto and Elvina (2004). Othman et al. (2009) and Ousama and Fatimah (2006) stated that size has a significant positive effect on the level of ISR disclosure.

There are differences in research results related to factors that influence the level of ISR disclosure. Lestari (2013) stated that profitability has a significant positive effect on ISR level disclosure, while Sunarsih and Ferdiyansyah (2017) stated that profitability does not affect ISR disclosure. Rizki et al. (2014) stated that the board of commissioners affect the disclosure of CSR positively, while Nur and Priantinah (2012) stated that the board of commissioners affect CSR disclosure negatively.

Haribowo (2015) maintained that the composition of the board of commissioners and the frequency of commissioners meetings effect on CSR disclosure negatively, but Rizki et al. (2014) stated that the frequency of commissioner

meetings has a positive effect on CSR disclosure. On the other hand, Othman et al. (2009) found that board composition has a significant positive effect on ISR disclosure index.

The second purpose of this research is to study whether there is a difference ISR disclosure in Indonesia and Malaysia. Sofyani and Ulum (2012) argued that overall social performance of Islamic banking in Malaysia is higher than in Indonesia.

Looking at those previous studies on the issue, this study becomes interesting, considering there are still many differences in research results about ISR. Besides, ISR disclosure is important because it could help investors to assess whether companies in the stock market maintain the principle of *sharia* in their operations. The differences between this research and previous studies are that: 1) this study uses data from companies that issued Sukuk at Indonesia Shariah Stocks Index and Malaysia Stock Exchange; 2) this research uses dummy variables to determine company size. 3) Another purpose of this research is to compare ISR levels in Indonesia and Malaysia.

Literatur Review

According to Freeman (2010), stakeholder theory stated that companies are not entities that are only responsible for their own interests (shareholders) but are also responsible and provide benefits to stakeholders (shareholders, creditors, consumers, suppliers, government, society, and other parties).

Disclosure is to make something known or reveal something. The level of disclosure is strongly influenced by economic, political, and social circumstances (Haniffa, 2002). Based on the Financial Services Authority Regulation Number: 92/POJK.04/2016, the disclosure of information in financial statements is divided into mandatory disclosure and voluntary disclosure. In the context in Indonesia, ISR is still voluntary disclosure.

The ISR index is a benchmark for the implementation of *sharia* social responsibility that contains items of CSR disclosure. This was set by the AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions) and then was developed in *sharia* context by researchers (Soraya and Hartanti, 2010). ISR index measurement is the content analysis of the company's annual report to provide a checklist on every item that expresses social responsibility. If there is one item that is disclosed, it will get a score of '1', and if not, then it will get a score of '0'.

Studies about company size and ISR were done by Othman et al. (2009) in 56 companies listed on Malaysia Stock Exchange in the period of 2004-2006; Lestari (2013) in 10 Indonesian Islamic Banks in the period of 2010-2011; Sirait

and Bangun (2013) in non-financial companies listed in the Stock Exchange in the period of 2009 -2011; Rama (2014) in 8 Indonesia Sharia Banks in the period of 2010-2012, Sunarsih and Ferdiansyah (2017) in 30 companies registered in the Indonesian *Sharia* Stock List in the period of 2012-2014. They found that company size has a significant positive effect on the level of disclosure of ISR. Based on these studies, the hypotheses of this particular research are:

H1: The company size has a significant positive effect on the level of ISR in Indonesia.

H2: The company size has a significant positive effect on the level of ISR in Malaysia.

With regards to the relationship between profitability and ISR, Othman et al. (2009) studied the relationship between profitability and ISR disclosure in 56 companies listed in Malaysia Stock Exchange in 2004-2006. He found that profitability has a positive effect on ISR disclosure. This result is supported by Lestari (2013), Rama (2014), Kurniawati and Yaya (2017), and Taufik et al. (2015). They studied Indonesian *Sharia* Banks and *sharia* companies registered in Indonesian *Sharia* Stock List generally. Based on such finding, the hypotheses proposed are:

H3: Profitability has a significant positive effect on the level of ISR in Indonesia.

H4: Profitability has a significant positive effect on the level of ISR in Malaysia.

Khoirudin (2013) studied the size of the board of commissioner and ISR disclosure on 10 *Sharia* Business Units in Indonesia, in 2010-2011. He found that the size of the board of commissioners has a positive effect on the level of ISR disclosure in Indonesia Islamic banks. The result is supported by the study of Sembiring (2005) in 78 companies listed in the Indonesian Stock Exchange in 2002; Rizki et al. (2014) in the companies listed by the Indonesian Stock Exchange in 2010-2012; and Haribowo (2015) in 10 Islamic Banks registered in Bank of Indonesia in 2012-2014. Referring to those studies, the hypotheses developed are:

H5: Board of commissioners have a significant positive effect on the level of ISR in Indonesia.

H6: Board of commissioners have a significant positive effect on the level of ISR in Malaysia.

Othman et al. (2009) and Jizi (2014) found board composition has a significant positive effect on ISR Index. Othman et al. (2009) studied 56 companies listed in Malaysia Stock Exchange in the period 2004-2006. Jizi (2014), on the other hand, studied on 98 banks in the period 2009-2011. Based on those studies, the next hypotheses are:

H7: Proportion of independent commissioners has a significant positive effect on the level of ISR in Indonesia.

H8: Proportion of independent commissioners has a significant positive effect on the level of ISR in Malaysia.

In terms of the commissioner meetings, Charles and Chariri (2012) found that the frequency of commissioner meetings has a positive effect on CSR disclosure at 10 Sharia Banks in the period of 2006- 2010. The research result from Rizki et al. (2014) in manufacturing companies listed on the Stock Exchange in 2010-2012 supported Charles and Chariri (2012). Based on the research, the hypotheses proposed are:

H9 : Frequency of commissioners meetings has a significant positive effect on the level of ISR in Indonesia.

H10: Frequency of commissioner meetings has a significant positive effect on the level of ISR in Malaysia.

Sofyani and Ulum (2012) stated that the overall social performance of Islamic banks in Malaysia is higher than in Indonesia. Merina and Verawati (2016) stated that Islamic banks were better in ISR disclosures than the companies listed in Jakarta Islamic Index. Sunarto (2016), on the comparison of existing shariah banking governance in the period of 2010-2013, concluded that there was a difference between the average value of the index ISR with the average GR index value. Based on the research, the hypothesis is:

H11: There are significant differences at the ISR disclosure level in Indonesia and Malaysia

Methods

This is quantitative descriptive research and uses secondary data for all variables, by analyzing the unit of Sukuk issuing companies listed in the Indonesian *Sharia* Stocks Index and Malaysia Stock Exchange in 2013-2017. The sampling technique in this study uses a purposive sampling method (Azwar, 2014). Criteria of the sample selection include: a) Companies listed on Indonesia *Sharia* Stocks Index in 2013 -2017; b) Companies listed on the Malaysia Stock Exchange in 2013 -2017; c) Companies that issue Sukuk; d) Companies with a complete annual report. The companies chosen as samples in this research do not include banks and capital companies.

Based on the above criteria, there are ten samples of companies issued Sukuk in Indonesian *Sharia* Stocks Index and eight companies issued Sukuk in the Malaysian Stock Exchange.

Table 1. Operational Definition and Measurement of the Variables

No.	Variable	Definition	Measurement
1	Company Size (SIZE)	The total assets owned by the company are measured by dummy variables	$\frac{\text{Total assets of all companies}}{\text{Total Companies}}$ The value one if the total assets company are above average, 0 if below the average
2	Profitability (Return on asset)	The company's ability to make a profit	$\frac{\text{Earning after tax}}{\text{Total Aset}}$
3	Board of Commissioners (BoC)	Total number board of commissioners in a company	Total number of board of commissioners
4	The proportion of Independent Commissioners (PoIC)	Total number of independent commissioners in a company	$\frac{\text{Total number of independent commissioners}}{\text{Total number board of commissioners}}$
5	Frequency of Commissioners Meetings (FoCM)	Total number of meetings conducted by the Board of Commissioners in 1 year	Board of Commissioners Meeting in the year
6	Islamic Social Reporting (ISR)	ISR index disclosures include funding and investment, products and services, employees, society, environment, and corporate governance.	Total ISR is measured by the score of the ISR of each company through analysis content, the value 1 if the component is disclosed and 0 if not disclosed

The model used in this research is:

$$Y = \beta_0 + \beta_1 \text{SIZE} + \beta_2 \text{ROA} + \beta_3 \text{BoC} + \beta_4 \text{PoIC} + \beta_5 \text{FoCM} + \varepsilon$$

Where:

Y : Islamic Social Reporting (ISR)

β_0 : Constant

SIZE : Company Size

ROA : Return on asset

BoC : Board of Commissioners

PoIC : Proportion of Independent Commissioners

FoCM : Frequency of Commissioners Meetings

ϵ : Prediction error

Data are analyzed with regression analysis and different t-test after run classical assumption test.

Result and Discussion

Table 2. Statistic Descriptive in Indonesia

Variable	N	Minimum	Maximum	Mean	Std. Dev
ISR in Indonesia	50	4.00	28.00	19.16	5.708426
SIZE	50	0.00	1.00	0.32	0.471212
ROA	50	-0.14	1.91	0.0666	0.272034
BoC	50	2.00	16.00	4.84	2.743155
PoIC	50	0.20	0.70	0.3866	0.082428
FoCM	50	0.00	24.00	6.26	5.306177

Source: Data processed

Based on Table 2, the minimum ISR level in Indonesia is 4.00, and the maximum amount is 28.00. The average ISSI ISR level is 19.16, with a standard deviation of 5.71. The company size has a minimum value of 0.00 and a maximum of 1.00. The average company size is 0.32, with a standard deviation of 0.47. Profitability minimum value of -0.14 and a maximum of 1.91. The average value of profitability is 0.067, with a standard deviation of 0.27. The minimum board of commissioner is two people and a maximum of 16 people. The average board of commissioner is four people with a standard deviation of 2.74.

The minimum amount of the proportion of independent commissioners is 20%, and a maximum of 70%. The average proportion of independent commissioner is 39% with a standard deviation of 0.082. The lowest frequency of commissioners meetings is 0. It means that there are no meetings in one year and the maximum frequency of the meetings is 24 times a year. The average frequency of meetings in one year is six times with a standard deviation of 5,306.

Table 3. Statistic Descriptive in Malaysia

Variable	N	Minimum	Maximum	Mean	Std. Dev
ISR in Malaysia	40	12.00	28.00	17.75	3.656746
SIZE	40	0.00	1.00	0.375	0.490290
ROA	40	0.00	0.18	0.03625	0.042948
BoC	40	7.00	16.00	10.75	3.069703
PoIC	40	0.13	0.70	0.38025	0.165877
FoCM	40	0.00	21.00	6.925	5.070718

Source: Data processed

Based on Table 3, the minimum ISR level in Malaysia is 12.00, and the maximum is 28.00. The average ISR in Malaysia Stock Exchange is 17.75, with a standard deviation of 3.66. The company size has a minimum value of 0.00 and a maximum of 1.00. The average company sizes are 0.37, with a standard deviation of 0.49. The minimum value of profitability is 0.00 and a maximum of 0.18. The average value of profitability is 0.036, with a standard deviation of 0.043. The minimum size of board of commissioner is seven people, and maximum is 16 people. The average size of board of commissioners is ten people with a standard deviation of 3.07.

The minimum amount of the proportion of independent commissioners is 13%, and the maximum is 70%. The average proportion of independent commissioners is 38% with a standard deviation of 0.166. The lowest frequency of commissioner's meetings is 0. It means that there are no meetings in one year and the maximum frequency of the meetings is 21 times a year. The average frequency of meetings in one year is six times with a standard deviation is 5.07.

Based on the results of the normality, multicollinearity, heteroscedasticity and autocorrelation test, it is known that the test results have met the classical assumption criteria.

Table 4. ISR Regression Test in Indonesia

Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	17.90863	4.146394	4.319086	0.0001
SIZE	3.895005	1.598526	2.436623	0.0189 **
ROA	-3.691354	2.771175	-1.332054	0.1897
BoC	0.208556	0.278436	0.749027	0.4578

PoIC	-7.458235	9.146883	-0.815385	0.4192
FoCM	0.339418	0.142716	2,378,269	0.0218 **
Adjusted R-squared	0.166362	Prob (F-statistic)		0.021923

Source: Data processed

*, **, *** shows a significant level at $\alpha = 10\%$, 5% and 1%

Table 5. ISR Regression Test in Malaysia

Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	16.74524	3.113995	5.377415	0.0000
SIZE	0.995604	1.202722	0.827792	0.4136
ROA	8,223,000	15.53703	0.529252	0.6001
BoC	-0.192280	0.232896	-0.825605	0.4148
PoIC	-0.258121	3.911541	-0.065989	0.9478
FoCM	0.360792	0.129443	2.787260	0.0086 **
Adjusted R-squared	0.210662	Prob (F-statistic)		0.021214

Source: Data processed

*, **, *** shows a significant level at $\alpha = 10\%$, 5% and 1%

Based on Table 4 the adjusted R-squared is 16.6%, It means that 16.6% of the variation of ISR in Indonesia could be explained by SIZE, ROA, BoC, PoIC and FoCM while the remaining 83.4% is explained by other variables outside the model. The prob (F-statistic) value 0.02, so the variable SIZE, ROA, BoC, PoIC and FoCM effect ISR level in Indonesia.

Based on table 5, the Adjusted R-squared is 21%. It means that 21% of the variation of ISR in Malaysia could be explained by SIZE, ROA, BoC, PoIC and FoCM while the remaining 79% is explained by other variables outside the model. The prob (F-statistic) value 0.02, so the variable SIZE, ROA, BoC, PoIC and FoCM affect ISR level in Malaysia.

Based on table 4, the variable of company size has a significant positive effect on the level of ISR in Indonesia, the value of the t-statistic SIZE of 2.436623 with prob value of 0.0189. Prob value less than 0.05; it can be concluded that **H1 is accepted**. These results support the research of Sunarsih and Ferdiansyah (2017) in 30 companies registered in Indonesia *Sharia* Stock List in the period of 2012-2014. They stated that the company size has a positive effect on ISR disclosure. It happened because large companies have large amounts of assets. Therefore, the companies will disclose more information than small companies. The study of Putri and Yuyetta

(2014), in 142 companies registered in Indonesia *Sharia* Stocks Index in the period 2011-2012, found that the company size has a significant positive effect on ISR disclosure. They stated that large companies usually have more complex activities and have a greater impact on society, so the ISR disclosure increased. This result is supported by Hartini (2018) who studied in companies listed in Jakarta Islamic Index in the period 2011-2015.

Based on Table 5, company size does not affect the level of ISR in Malaysia with a prob value is 0.4136. Prob value is more than 0.05, and it can be concluded that **H2 is rejected**. This result supports the research of Laksmitaningrum and Purwanto (2013), and Karina and Yuyetta (2013). It happened because disclosure of corporate social responsibility is voluntary.

Based on Table 4, ROA does not affect the level of ISR in Indonesia with a prob value is 0.1897. Prob value is more than 0.05, and it can be concluded that **H3 is rejected**. These results support the research by Nugraheni and Wijayanti (2017) in companies listed on Sharia Securities. Nur and Priantinah (2012) have the same finding in 66 companies listed on the Indonesia Stock Exchange the period 2008-2010. This is because companies with high-profit rates are assumed to see a report of their social activities unnecessary.

Based on Table 5, ROA does not affect the ISR level in Malaysia with a prob value of 0.6001. The prob value is more than 0.05, and it can be concluded that **H4 is rejected**. This result supports research by Sembiring (2005) on 38 companies listed on the Jakarta Stock Exchange in 2002 and Hartini (2018) in registered companies in JII in 2011-2015. This is because companies with high profitability do not necessarily carry out more social activities due to their profit orientation. Companies are more interested in focusing on the disclosure of financial information. Moreover, to these company, it is unnecessary to consider reporting matters that can disrupt information about a company's financial success such as ISR. The other reason is profits owned by the company are prioritized for operational purposes. Therefore, the use of funds for social activities is smaller.

Based on Table 4, the board of commissioners does not affect the level of ISR in Indonesia with prob value is 0.4578. The prob value is more than 0.05, and it can be concluded that **H5 is rejected**. This result is in line with the research by Suaryana (2012) in 75 manufacturing companies listed in the Indonesia Stock Exchange in 2007-2009 and the study of Ramdhaningsih and Utama (2013) on property and real estate companies listed in the Indonesia Stock Exchange in 2009-2011. Baidok and Septiarini (2016) have the same result on BUS in the period 2010-2014. This is because in carrying out their duties, the board of commissioners (tend to be

passive), and cannot monitor directly. Therefore, the board of commissioners does not support the ongoing ISR disclosure in the company. The result in Indonesia is the same as in Malaysia. Based on Table 5, the board of commissioners does not affect the level of ISR in Malaysia with prob value is 0.4148. The prob value is more than 0.05, and it can be concluded that **H6 is rejected**.

Research by Paramita and Marsono (2014) in the mining sector listed on the IDX in 2010-2012 stated that the board of commissioners has no significant effect on social disclosure. The insignificant results can be caused by the ineffectiveness of the board of commissioners in suppressing company management to disclose social and environmental responsibility (Suaryana, 2012).

Based on Table 4, the proportion of independent commissioners does not affect the level of ISR in Indonesia with prob value is 0.4192. The prob value is more than 0.05, and it can be concluded that **H7 is rejected**. This result supports the research by Gantjowati and Nugraheni (2014) on 114 non-financial companies listed in the Indonesia Stock Exchange in 2009-2011, which stated that independent commissioners would not affect the disclosure of voluntary information. This is because the independent board is a part-time member. It seems very difficult to do an in-depth understanding of the complexity of the company's operations, and ultimately it is impossible to influence the decision making.

Paramita and Marsono (2014) supported that result, finding that the independent commissioners do not influence the decision making, because they are not involved in the company's operations.

Based on Table 5, the proportion of independent commissioners does not affect the level of ISR in Malaysia with a prob value is 0.9478. The prob value is more than 0.05, and it can be concluded that **H8 is rejected**. This result is similar to the research by Ramdhaningsih and Utama (2013) on property and real estate companies listed on the Indonesian Stock Exchange in 2009-2011. The result shows that the proportion of independent commissioners does not have significant negative effects on social responsibility disclosures. Permanasari (2018) studied 100 companies listed in the Indonesia Stock Exchange in 2015-2016 and found that the proportion of independent commissioners did not affect voluntary disclosure. This insignificant result because the independent board of commissioners are not involved in the company's operations.

Based on Table 4, the frequency of commissioner meetings affects the level of ISR in Indonesia with prob value is 0.0218. Prob values are less than 0.05, so it can be concluded that **H9 is accepted**. These results support research by

Ullah et al. (2018) in 66 manufacturing companies listed on the Pakistan Stock Exchange in 2013-2015. Vafeas (2003) supported these result in manufacturing companies in the period 2000-2002. Vafeas (2003) stated that the more frequency of commissioners meeting, the more it will improve company performance. This is because the frequency of commissioner meeting makes supervision effective so that the company’s performance gets better. If the company gets better, the disclosure of social responsibility is increasingly widespread.

Research by Rizki et al. (2014) in manufacturing companies listed on the Stock Exchange in 2010-2012, revealed that the frequency of commissioner meetings has a significant positive effect on social responsibility disclosures. These results indicate that the number of board of commissioner meetings will give more time to discuss the implementation of corporate governance, including CSR disclosure.

Based on Table 5, the frequency of commissioner meetings affect the ISR level in Malaysia with prob value is 0.0086. Prob values less than 0.05, so it can be concluded that **H10 is accepted**. These results support research by Brick and Chidambaran (2010) in companies listed on the Malaysia Stock Exchange in the period 2007-2008. This is because the more frequent meetings between the board of commissioners will help in making corporate decisions both in financial and social. According to Suhardjanto et al. (2012) the number of board of commissioner meetings as one form of supervision, so the number of meetings conducted by the board of commissioners gives more time to discuss the implementation of corporate governance.

Table 6. Different test

Method	df	Value	Probability
F-test	(39.49)	2.436930	0.0034

Source: data processed

Based on a different test, t-test probability value is 0.0034. The value is less than 0.05, and it can be concluded that there is a difference between the level of ISR in Indonesia and Malaysia, then **H 11 accepted**. ISR disclosure in Malaysia is higher than in Indonesia. Because companies which issued Sukuk on Malaysia Stock Exchange are more to reveal ISR indicators totalling 43 items and focus on main core shariah business without combining conventional aspects, so it can be concluded that in Indonesia there is a need for regulations in ISR disclosure from the government to improve the quality of disclosure of social responsibility to stakeholders.

Conclusions

Based on the above results, it can be concluded that the company size has a significant positive effect on the level of ISR in Indonesia. This is because large companies have large amounts of assets so that companies will disclose more information than small companies. Meanwhile, in Malaysia, the size of the company does not affect the ISL level. Profitability, board of commissioners, and the proportion of independent commissioners do not affect ISR levels in Indonesia and Malaysia.

On the other hand, the frequency of commissioner meetings has a significant positive effect on the level of ISR in Indonesia and Malaysia. This is because the frequency of commissioners meeting held regularly and weighted by the board of commissioners makes supervision more effective so that disclosure of social responsibility is getting better. There is a different level of ISR in Indonesia and Malaysia because there are differences in regulations, culture, and situation between Indonesia and Malaysia. The implication from these results is that there is a need for regulations in ISR issued by the governments to improve the quality of social responsibility disclosure to stakeholders.

Finally, this study suggests future research related to ISR. *First*, the research objects can be further expanded not only Indonesia and Malaysia but also other Islamic countries. *Second*, the analysis techniques used can be more varied, for example, using Moderated Regression Analysis or Path Analysis, and using different independent variables.

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