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Analysis of The Effect of Islamic Social Reporting (ISR) Disclosure on Company Financial Performance: Study at Listed Companies in Jakarta Islamic Index (JII) Period 2010-2017

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Abstract
The purpose of this study is to obtain empirical evidence about the effect of the level of disclosure of Islamic Social Reporting (ISR) on Company Financial Performance at listed Companies in JII 2010-2017. The sampling technique used in this study was purposive sampling. The analytical tool used to test the hypothesis was path analysis. The result of this research show that; Disclosure of Islamic Social Reporting (ISR) and sales growth have a simultaneous effect on Return On Equity (ROE), its means the better the disclosure of ISR and the higher of the sales growth the higher the Return on Equity or the higher financial performance of the companies.
Keywords: Islamic Social Reporting (ISR), sales growth, Return On Equity (ROE)

INTRODUCTION

1.1 Research Background

Quality information (relevant, complete, accurate and timely) is a fundamental need for the community in the decision making process. With the availability of quality information, consumers, investors and other stakeholders can make rational decisions so that the results obtained are as expected. One of the information that must be disclosed by the company at present is information about corporate social responsibility (Corporate Social Responsibility).

Bowman and Haire (1975) in Nor (2010) stated that the efforts that can be made to maintain and enhance the profitability of a company are with alignments with the community. The results of research conducted by Matthew Brine, Brown and Hackett (2007) concluded that there was no significant relationship between disclosure of social responsibility and financial performance (ROA, ROE, ROS). McGuire, Sundgren and Schneeweis (1988) prove that social responsibility disclosure has a positive effect on sales growth.

The implementation of the concept of CSR (Corporate Social Responsibility) is very identical in conventional economic development. However, with the growing Islamic market and its ability to compete with conventional markets, players in the Islamic market are expected to be able to carry out social responsibility disclosures that are in harmony with Islamic values. These values are seen as relevant to the concept of social responsibility that is developing at this time. According to Rafiki and Wahab (2014), Islam integrates business practices with one's piety (personal workship). The combination of the two good things is called worship. All practices are written in the Koran and Hadith and are based on sharia rules. This is also in line with the research conducted by Siwar and Hosain (2010) which explains the Islamic values brought by the Prophet Muhammad SAW can be used as a basis for corporate social disclosure. Al-Quran which contains instructions from Allah SWT has arranged everything, such as in the economic, social and political fields. Humans are required to carry out these values to support their role as caliphs on earth. The implication is that humans need to pay attention to sharia principles in running their business.

The implementation of Islamic Social Reporting practices is an issue that is hotly debated both in terms of academics and practice. This phenomenon is an implication of various cases of social responsibility that are currently engulfing. Putri and Yuyetta (2014) in their study said that lately there was widespread controversy about the inclusion of halal certification on drugs. Considering obtaining halal products for every consumer, especially Muslim consumers is a constitutional right. The issuance of halal certification in products is a form of disclosure of corporate social responsibility to stakeholders, especially consumers of Muslims.

Based on the description above, several previous studies have proven that the effect of disclosure of corporate social responsibility on financial performance shows inconsistent results. This study was conducted to see the effect of the disclosure of Islamic Social Reporting (ISR) on companies listed in the Jakarta Islamic Index (JII) with financial performance as measured by Return On Equity (ROE), through the variable between sales growth.

1.2. Formulation of the Problems

Based on the background of the research above, the problems identified in this study are as follows:

1. How does the level of disclosure of Islamic Social Reporting (ISR) and sales growth simustaneusly affect Return On Equity (ROE)?
2. How does the level of disclosure of Islamic Social Reporting (ISR) affect sales growth?

3. How does the level of disclosure of Islamic Social Reporting (ISR) affect return on assets Return on Equity (ROE)?
4. How does sales growth affect Return On Equity (ROE)?

LITERATURE REVIEW

2.1 Concept of Disclosure of Corporate Social Responsibility (Corporate Social Responsibility Disclosure)

According to Hendriksen (2004), disclosure (disclosure) is defined as the provision of a number of information needed for optimal operation of efficient capital markets. Disclosures are needed by investors both disclosures in the form of financial and non-financial information for investment decision making. Disclosure of financial statements can be grouped into mandatory disclosures and voluntary disclosure. Mandatory disclosures are provisions that must be followed by each company that contain matters that must be included in the financial statements according to the applicable standards. Whereas voluntary disclosures are not required by standards, but provide added value to companies that do them.

Belkaoui (2005: 349) sees that the general concept in disclosure of social performance is a product of socio economic accounting and total impact accounting and social accounting, precisely defined as the process of selecting variables, measures and measurement procedures from a company's social performance, which is systematically develop information that is useful for evaluating the company's social performance and communicating information to interested social groups, both inside and outside the company.

The purpose of disclosure of corporate social responsibility is as a form of corporate responsibility to all stakeholders related to the implementation of corporate social responsibility activities (Reza, 2010: 71). Furthermore, it was stated that the disclosure carried out will open a channel of interaction that gives the opportunity for stakeholders to criticize, provide suggestions, convey ideas and expectations or other forms of participation and response in order to increase the effectiveness and creativity in organizing social responsibility activities. In addition, through disclosure of social responsibility is also able to encourage other companies to hold social responsibility activities, in other words, disclosure of social responsibility not only affects the company but also a thing that can encourage the implementation of social responsibility activities among businesses and communities.

2.2 Islamic Social Reporting (ISR)

Based on research conducted by Haniffa (2002) found that there are shortcomings and limitations in conventional social disclosure of companies. Haniffa developed the concept of index measuring Islamic corporate social responsibility, which not only fulfills the needs of shareholders but also stakeholders and more importantly accountability to Allah SWT.

Broadly speaking, these principles govern human relations with Allah SWT, humans with humans and humans with nature. This is manifested in ten ethical concepts in Islam. These ten ethics regulate human life from various sides, namely social, economic and political. Accounting is in the economic sphere. In a more specific dimension, ISR is one of the things contained in accounting.

The ISR index is the basis of the benchmark for the implementation of social responsibility that contains a collection of items on CSR standards set by AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions) which are further developed by researchers regarding various matters concerning CSR that must be disclosed by an Islamic entity (Othman et al, 2010).

This study uses ISR measurements with a score from the ISR index. The ISR index used was adopted from Othman and Thani (2010) research Widiawati and Raharja (2012) and Raditya (2012) which are the results of adaptation of the index used by Haniffa (2002) and Othman et al (2010). This research uses six themes, the same as the research conducted by Othman et al (2010), namely the theme of funding and investment, products and services, employees, social, environment and governance.

This study uses ISR measurements with a score from the ISR index through content analysis techniques. The disclosure points used amounted to 47 points. Each point expressed by the company is given a score of 1. Measurement of ISR values can be formulated as follows.

$$ISR = \frac{\text{"The number of disclosure scores fulfilled"}}{\text{"Maximum score amount"}}$$

2.3 Between Variables (Intervening Variable)

Sales Growth (Sales Growth)

Companies must have the right strategy in order to win the market by attracting consumers to always choose their products. For that factors that influence sales must be considered.

Factors that influence sales:

1. Internal factors
Internal factors are factors that originate from within the company. This factor concerns the policies and decisions of companies in the field of marketing and other factors which include: product capacity, service quality, capital, new / old product types, management, and membership (labor).
2. External factors
External factors are factors that come from outside the company, namely the state of the economy, consumer demand, competition, and government policy.

By knowing these factors the company will be able to sell products in large quantities and the sales volume will increase which results in the company's profits will increase as well and ultimately will increase the company's profitability so as to support the company's performance better. Some literature states that sales growth is the main signal for the company's strategy in the organizational life cycle.

In this study sales growth is calculated using the formula:

$$Sales\ growth_{t+1} = \frac{(sales_{t+1} - sales_{t})}{sales_{t}}$$

Where :
Sales growth t + 1: Year sales growth rate t + 1
Sales t + 1: Sales year t + 1
Sales t: Sales year t

2.4 Company Performance

Company performance is the achievement or work results achieved by a company for a certain period of time. To measure the performance of a company that aims to increase shareholder wealth can be used one of them by the method of financial ratio analysis that is comparatively dynamic associated with other information such as between companies with industry, between years and between one ratio with other ratios in the same year (Koch & McDonald, 2000). Company performance can be assessed using financial or non-financial measures. In classical economic theory, company performance is generally measured by the company's ability to maximize value for shareholders.

The financial performance of a company can be measured through return on equity (ROE). Return on equity (ROE) is one form of profitability ratios This ratio is used to measure the performance of a company's management in managing available capital to generate profit after tax. The greater the ROE, the greater the level of profit achieved by the company so that the possibility of a company in problematic conditions gets smaller.

The higher the ROE, the higher the company's ability to generate profits for shareholders. To find out more about ROEWith a large rate of return, it is certainly an attraction for investors. The amount of ROE can be calculated by comparing net income after tax and interest with total equity (Kasmir, 2012).

$$ROE = \frac{Earning\ After\ Interest\ \&\ Tax}{Equity}$$

2.5 Previous Research

Table 2.3
Previous research

Peneliti	Judul Penelitian	Hasil Penelitian
Eke Ayu Wardani(2017)	Effect of Islamic Corporate Social Responsibility Disclosure on Corporate Reputation and Corporate Financial Performance	Islamic Corporate Social Responsibility has a significant positive effect on the Company's reputation. Islamic Corporate Social Responsibility has no effect on ROA Islamic Corporate Social Responsibility has a significant positive effect on ROE.
Gaur, Fisher and Raman (1999)	*What Explains Superior Retail Performance?*	Proving that sales growth has a negative and significant effect on return on assets.
Tuwajiri, dkk (2004)	*Corporate Responsibility and Financial Performance*	Shows that social disclosure affects (correlation) economic performance Good company shown in profitability (ROE, ROA, PER) and capital market performance (market value).
Matthew Brine, Brown and Hackett (2007)	*Corporate Responsibility and Financial Performance in the Australian Contex*	Conclude the relationship between social responsibility and financial performance (ROA, ROE, ROS) is not significant in companies in Australia
Samiloglu and Demirgunes (2008)	*The effect of working capital management on firm profitability: Evidence from Turkey*	Indicates that there is a positive influence between sales growth and return on assets.
Wahyu (2008)	Effect of Accrual Management and Growth on Profitability.	Prove that there is a positive relationship between sales growth and return on assets.

2.6 Thinking Framework

In recent years, the development of social responsibility reporting activities has become one of the trends in the company. According to Andayani, MWangi, et al. (2008) this was done as one of the company's strategies in order to give a good impression or a positive image for external parties to the company. The company's image that is valued well by consumers will help companies to produce sustainable competitive advantage and through stakeholder satisfaction it is expected to increase sales and improve company performance. Developing a company image in the consumer's mind becomes an important strategy for the company because companies that have a strong image in long-term memory of consumers are preferred when going to buy or invest in the company (Roslina, 2010).

The concern of Bogasari flour producers to the public and small entrepreneurs in 2004 resulted in sales of branded flour reaching 7.3 trillion, an increase of 20.1% compared to the previous year. As many as 75% of consumers decide to buy a product because it is influenced by the company's reputation with regard to environmental care, Media Accounting (2005). McGuire, Sundgren and Schneeweis (1988), Auperlle and Collagues (1985) prove that social responsibility disclosure has a positive effect on sales growth. The positive image of the company will increase the legitimacy (alignments) of the company to stakeholders so that it can foster public trust in the company to buy their products and can increase sales growth (sales growth). Sales growth is an important criterion for assessing a company's profitability and is a leading indicator of a company's activities. Sales growth can improve financial performance as indicated by increasing Return on equity (ROE). Good sales growth occurs when sales growth increases along with the increase in Return on equity (ROE). Samiloglu and Demirgunes (2008) examine the influence between sales growth and return on assets, the results show that there is a positive influence between sales growth and return on assets. Gaur, Fisher and Raman (1999) prove that sales growth has a negative and significant effect on return on assets. Wahyu (2008) proves that there is a positive relationship between sales growth and return on assets.

The level of profitability can be used as the basis for making investment decisions to measure the company's ability to produce a rate of return on investment carried out on the company. For example profitability can be used to measure the efficiency of capital use in a company through a comparison of profits with investments used in investment (Triatmodjo, 2010). Maya (2008) in Indrawan (2011) explained that ROE is the tool most often used by investors in making investment decisions. ROE can provide an overview of three main things, namely: (a) The company's ability to generate profits (profitability), (b) Efficiency of companies in managing assets (assets management), (c) Debt used in doing business (financial leverage). The return on equity, is a comparison between net income after tax and equity. From the above perspective, the research model can be made as follows:

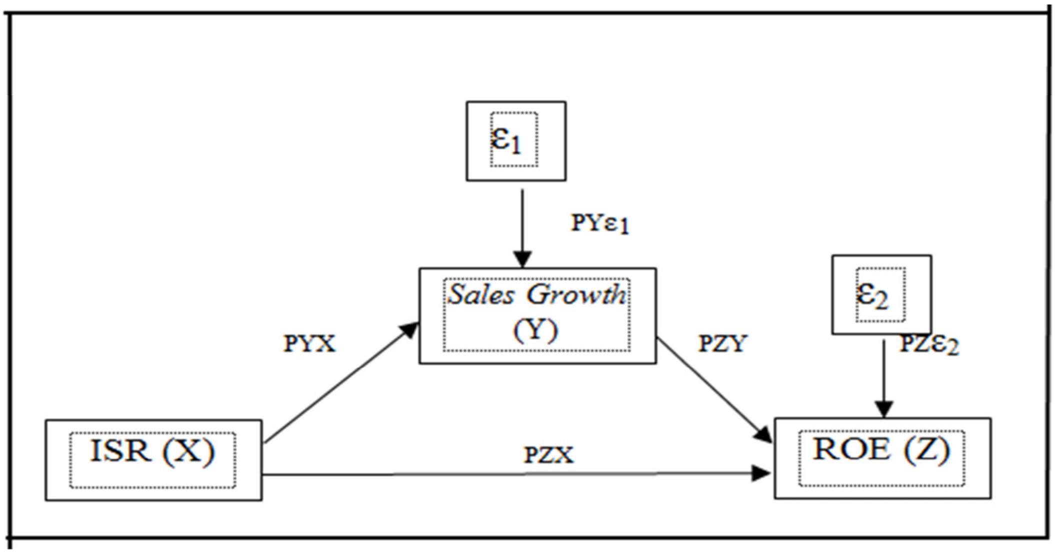


Figure 2.2
Research model
The equations that can be formed from the research model above are as follows:
Y = PYX X + ε1 .... (substructure equation 1)
Z = PZX X + PZY Y + ε2 .... (substructure equation 2)
Where:
X: Islamic Social Reporting (ISR)
Y: Sales Growth year t + 1
Z1: Return on equity (ROE)
P: Path coefficient
ε1 and ε2: Variable Residue

2.7 Research Hypotheses

The hypotheses that can be formulated are as follows:

1. Disclosure of Islamic Social Reporting Reporting (ISR) and sales growth has an effect on Return on equity (ROE).
2. The disclosure of the Islamic Social (ISR) affects sales growth.
3. Disclosure of Islamic Social Reporting (ISR) partially affects the Return on equity (ROE).
4. Sales growth partially affects the Return on equity (ROE).

RESEARCH METHODS

3.1 Research Object

The object of the research is the report on Disclosure of Islamic Social Reporting (ISR), Sales Growth and Return on equity (ROE). The data to be analyzed are secondary data from companies listed in the Jakarta Islamic Index (JII) on the Indonesia Stock Exchange in 2010 to 2017. JII. Secondary data in the form of data taken from financial statements, annual reports and other company reports.

3.2 Population and Samples

3.2.1 Population

The population used in this study is all companies listed in the Jakarta Islamic Index (JII) for the period 2010 to 2017. JII has 30 companies.

3.2.2 Samples

Companies listed on JII were selected as samples using the purpose sampling method. The criteria used to obtain samples are as follows.
1. The company is registered in the Jakarta Islamic Index (JII) in 2010-2017.
2. The company has never experienced delisting during the observation period.
3. The company publishes successive annual reports from 2010 to 2017.

3.3 Operationalization of Variables

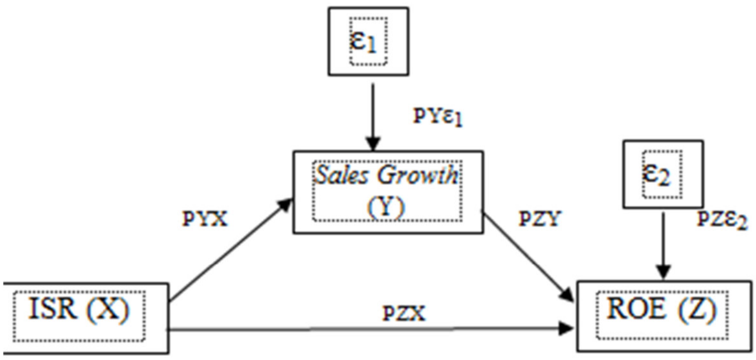
Sekaran (2006) states that variables are anything that can distinguish or bring variation in values. Values can be different at various times for the same object or person, or at the same time with different objects or people. The variables to be examined are Islamic Social Reporting (ISR) disclosures as independent variables / exogenous variables (variable X), sales growth as intervening variables (variable Y) and Return on equity (ROE) as endogenous variables (Variable Z) can be seen in the following table:

Variabel	Dimensi	Indikator	Skala
Islamic Social Reporting **(ISR)** (X)	Islamic corporate social disclosure	$\text{Disclosure Item} = \dfrac{\text{Jumlah score disclosure yang terpenuhi}}{\text{Jumlah score maksimum}}$	Rasio
Variabel Intervening *Sales growth* (Y)	*Sales growth$_{t+1}$*	$\dfrac{(sales_{t+1} - sales_t)}{sales_t}$	Rasio
Financial performance (Z)	*Return on equity* (ROE)	$ROE = \dfrac{\text{Net Income After Tax}}{\text{Total Equitas}}$	Rasio

3.4 Data Analysis Method

The method used to analyze data is path analysis. Riduwan and Kuncoro (2007) state that path analysis is used to analyze patterns of relationships between variables with the aim of knowing the direct or indirect effects of a set of independent variables (exogenous) on the dependent variable (endogenous). The amount of influence (relative) of an exogenous variable to a particular endogenous variable, expressed by the path coefficient. The reason for using the path analysis model, besides because the purpose of this study is to see the extent to which the influence of exogenous variables on endogenous both directly and indirectly, is a causal relationship between variables to be tested based on a certain theoretical framework that can explain causality the variable.

The following is a structural picture of The relationship between variables:



The path analysis formula is as follows:
Y = PYX X + ε1 .... (substructure equation 1)
Z = PZX X + PZY Y + ε2 .... (substructure equation 2)
Where:
X: ISR year t
Y: Sales Growth year t + 1
Z: Return on equity
P: Path coefficient
ε1 and ε2: Residual Variables
PYX: ISR (X) variable path coefficient for sales growth (Y),
illustrate the magnitude of the direct effect of variable X on Y.
PZX: ISR (X) variable path coefficient for return on assets (Z),
illustrate the magnitude of the direct effect of variable X on Z.
PZY: The sales growth (Y) variable path coefficient on Return on equity (Z), describes the direct effect of variable Y on Z.
PYε2: The residual variable path coefficient (ε2) to sales growth (Y), describes the direct effect of the variable ε2 on Y.
PZε2: The residual variable path coefficient (ε2) for performance (Z), illustrates the direct effect of the variable

ε2 on Z.
Testing the verification hypothesis in this study is done using two ways, namely:
a. Simultaneous testing
If the value of F count> F table, then H0 is rejected and Ha fails to be rejected.
If the value of F count <F table, then H0 fails to be rejected and Ha is rejected with a significance level of 95% ($\alpha = 0.05$).
b. Partial testing
If the value of t count> t table, then H0 is rejected and Ha fails to be rejected. If the value of t count <t table, then H0 fails to be rejected and Ha is rejected with a significance level of 95% ($\alpha = 0.05$).

RESEARCH RESULTS AND DISCUSSION

4.1. Research result

4.1.1. Descriptive Analysis

Descriptive analysis was conducted to provide a description of the data for each research variable used in this study. The data seen are the amount of data, minimum value, maximum value, average value (mean), and standard deviation. The variables in this study include the independent variables and the dependent variable. Independent variables consist of Islamic Social Reporting (ISR) and Sales Growth while the dependent variable is Return on Equity (ROE). The descriptions of the research variables are as follows:

Table 4.1
Descriptive statistics
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
X1= ISR	30	.4348	.6739	.548547	.0549542
X2= SG	30	-.1991	.3379	.104457	.1351103
Y= ROE	30	.1191	.3779	.245330	.0528009
Valid N (listwise)	30				

In table 4.1 shows the descriptive results of the variables studied. The average Islamic Social Reporting (ISR) is 0.5485 with a minimum value of 0.4348 and a maximum value of 0.6739 with a standard deviation value of 0.0549, which means that there is a difference in the value of Islamic Social Reporting (ISR) studied at an average value of 0.0549, then for an average the average Sales Growth is 0.1044 with a minimum value of -0.1191 and a maximum value of 0.3379 with a standard deviation value of 0.1351, which means that there is a difference in the Sales Growth value observed for the average value of 0.1351. The average Return on Equity (ROE) is 0.2453 with a minimum value of 0.1191 and a maximum value of 0.3779 with a standard deviation value of 0.0528, which means that there is a difference in the value of Return on Equity (ROE) studied with an average value of 0.0528.

4.2 Hypothesis Testing

In this section we will explain how the data is processed by statistical calculations using path analysis. After descriptive statistical analysis of the research variables, the data obtained are then used to analyze and test the hypothesis formulation based on the model structure between the research variables.

Hypothesis testing is done by: 1) testing the first hypothesis regarding the effect of Islamic Social Reporting (ISR) disclosure on sales growth, 2) testing the second hypothesis regarding the effect of Islamic Social Reporting (ISR) disclosure and sales growth simultaneously on Return on Equity (ROE), 3) test the third hypothesis regarding the influence of the disclosure of Islamic Social Reporting (ISR) partially on Return on Equity (ROE), 4) test the fourth hypothesis regarding the influence of sales growth partially on Return on Equity (ROE).

There are two structural models for analyzing hypothesis testing, namely one sub-structure model to test the first hypothesis, the second sub-structure model to test the second, third and fourth hypotheses. Mathematically the three models can be described as follows:

Y = PYX X + ε1 .... (substructure equation 1)
Z1 = PZ1X X + PZ1Y Y + ε2 .... (substructure equation 2)

4.2.1 Effect of Islamic Social Reporting (ISR) Disclosures on Sales Growth

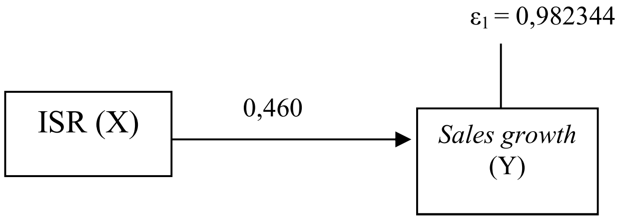
To answer the research problem, whether the disclosure of Islamic Social Reporting (ISR) partially has a positive effect on sales growth, testing is done with t-test statistics. The hypothesis testing of the effect of Islamic Social Reporting (ISR) disclosure on sales growth using SPSS 20.00 shows the following results:

Table 4.4
Results of Data Processing Analysis of the First Sub Structure Path

The relationship of variables X and Y in the first structural model can be described as follows:

Variabel	Koefisien Jalur	R Square	Nilai t	Sig
X	-0,460	0,035	-1,007	0,322

Figure 4.2
Empirical Causal Relations First Sub Structure



The results of the calculation of the path coefficient based on research data in the structural equation the influence of Islamic Social Reporting (ISR) disclosure on sales growth (Y) can be formulated as follows:
$Y = -0.460X + 0.98234\varepsilon 1$; $R2YX = 0.035$

From the results of data processing (Table 4.4) obtained the value of t-count for variable X of -1.007 with a value of prob (sig) = 0.322. Whereas for $\alpha = 0.05$ the value of t-table = 2.052. The test results are partially said to be significant (significant) if t count> t-table. Because the value of t-count is smaller than the value of t-table (-1.007 <2.052) or if you see the value of prob (sig) (0.322> 0.05), then a decision can be made that H0 failed to be rejected and Ha is rejected. While the residual coefficient $PY\varepsilon 1 = \sqrt{(1 - 0.035)} = 0.982344$. The test results can be concluded that with a 95% confidence level the disclosure of Islamic Social Reporting (ISR) has no effect on sales growth.

The magnitude of R square or the effect of corporate social responsibility disclosure (CSDI) on sales growth is 3.5%, with a negative direction, the meaning of disclosure (ISR) has no effect on the high and low sales growth.

4.2.2 Influence of Disclosure on Islamic Social Reporting (ISR) and Sales Growth Simultaneously Return on Equity (ROE)

Hypothesis testing on the effect of Islamic Social Reporting (ISR) and sales growth has a positive effect both simultaneously and partially on Return on Equity (ROE) using SPSS 20.00 shows the following results:

Table 4.3
Results of Data Processing Analysis of the Second Sub Structure

Variabel	Koefisien Jalur	Nilai -t	Sig t	Nilai-F	Sig F	R Square
X	0,389	2,337	0,027	3,758	0,036	0,218
Y	0,125	1,846	0,076			

The relationship of variables X, Y and Z1 in the second structural model can be described as follows

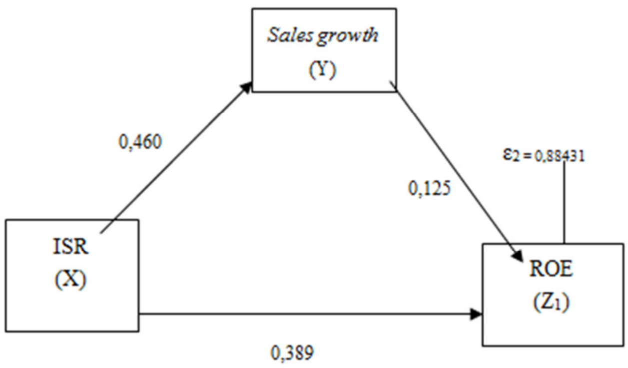


Figure 4.3
Empirical Causal Relations Second Sub Structure

The structural equation of the effect of Islamic Social Reporting (ISR) disclosure and sales growth on Return on

Equity (ROE) can be formulated as follows
$Z1 = 0.389X + 0.125Y + 0.88431\varepsilon1$; $R2YX = 0.218$

The path coefficient obtained will be tested both simultaneously and partially. To answer the research problems, whether the disclosure of Islamic Social Reporting (ISR) and sales growth simultaneously has a positive effect on Return on Equity (ROE), testing is done with F-test statistics.

Determination of test results (Ha acceptance or rejection of H0) can be done by comparing F-count with F-table with the provisions H0 rejected and Ha failing to be rejected if F-count is greater than F-table. The F-count value was obtained at 3.758 while the F-table value for the significance level of 0.05 and free degrees db1 = 2 and db2 = 30-3 = 27, obtained F0.05 (2.27) = 3.35. Because F-count is greater than F-table (3.758> 3.35), a decision can be made to reject H0. Or can be seen based on the results of the empirical test shown in Table 4.3 obtained by the value of prob (sig) 0.036. Because the value of prob (sig) <0.05 (0.036 <0.05), then H0 is rejected and Ha is accepted and individual testing can be done. So that with a 95% confidence level it can be concluded that the disclosure of Islamic Social Reporting (ISR) and sales growth simultaneously has a positive effect on Return on Equity (ROE)

The amount of direct influence, the indirect and total influence of the disclosure of Islamic Social Reporting (ISR) and simultaneous sales growth on Return on Equity (ROE) are as follows:

Table 4.4
Effect of Islamic Social Reporting (ISR) Disclosures
and Sales Growth towards ROE

Pengaruh	Besar Pengaruh
Pengaruh Langsung	
ISR (X) terhadap ROE (Z_1)	0,389 x 0,389 x 100 = 15,1321%
Sales growth (Y) terhadap ROE (Z_1)	0,125 x 0,125 x 100 = 1,5625%
Total Pengaruh Langsung	**16,6946%**
Pengaruh Tidak Langsung	
Melalui *Sales growth* (Y)	0,389 x 0,460 x 0,125 x 100 = 2,23675%
Melalui ISR (X)	0,125 x 0,460 x 0,389 x 100 = 2,23675%
Total Pengaruh Tidak Langsung	**4,4735%**
Total Pengaruh	**21,1681%**

The results of the calculation show that the direct effect of disclosure of Islamic Social Reporting (X) and sales growth (Y) on return on equity (ROE) (Z1) is 16.69% and indirect effects are 4.47%, so the total influence the disclosure of Islamic Social Reporting (ISR) (X) and sales growth (Y) on return on equity (ROE) (Z1) is 21.17%. While the residual coefficient $PZ1\varepsilon2 = \sqrt{(1 - 0.218)} = 0.88431$. Thus the simultaneous disclosure of Islamic Social Reporting (ISR) and sales growth has an effect of 21.17% on Return On Equity (ROE).

4.2.3 Effect of partial disclosure of Islamic Social Reporting (ISR) on Return On Equity (ROE).

To answer the research problems, whether disclosures. From the results of data processing (Table 4.3), the calculated value for variable X is 2,337 with a significance value = 0.027. While for $\alpha = 0.05$ in the two-way test obtained t-table value = 2.05183. The test results are partially said to be significant (significant) if t count> t-table. Because the value of t-count is greater than the value of t-table (2.37> 2.05183) or if it is seen a significance value (0.027 <0.05) then a decision can be made that H0 is rejected and Ha is accepted. The test results can be concluded that with a 95% confidence level of Islamic disclosure of disclosure Islamic Social Reporting has an effect on return on equity (ROE).

The calculation results in Table 4.4 show that the direct effect of disclosure of Islamic Social Reporting (ISR) (X) on return on equity (ROE) (Z1) is 15.1321% and indirect effects of 2.23675% so that the total effect of Islamic disclosures Social Reporting (ISR) (X) on return on equity (ROE) (Z1) is 17.36,885%. Thus the magnitude of the effect of the partial disclosure of Islamic Social Reporting (ISR) on return on equity (ROE) is 17,36885%, meaning that the disclosure of Islamic Social Reporting has an influence on the high and low return of equity (ROE). The higher the disclosure of Islamic Social Reporting, the higher the return on equity (ROE) experienced by the company.

4.3.4 Effect of Partial Sales Growth on Return On Equity (ROE)

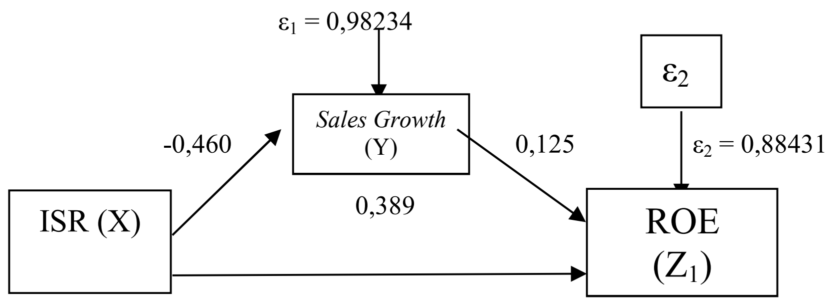
To answer the research problem, whether sales growth partially has a positive effect on return on assets (ROA), testing is done with t-test statistics with the statistical hypothesis as follows:

Answering the research problem whether sales growth partially influences return on equity (ROE) testing with t-test statistics with the statistical hypothesis as follows:

The results of data processing obtained t-count value for Y variable of 1.846 with a significance value = 0.076. While for $\alpha = 0.05$ in the two-way test obtained t-table value = 2.05183. The test results are partially said to be significant (significant) if t count> t-table. Because the t-count value is smaller than the t-table value (1.846 <2.021) or if it is seen a significance value (0.076> 0.05) then a decision can be made that H0 is accepted and Ha is rejected. Based on the test results it can be concluded that with a confidence level of 95%, sales growth does not affect return on equity (ROE).

The calculation results show that the direct effect of sales growth (Y) on return on equity (ROE) (Z1) is 1.5625% and indirect influence is 2.23675% so that the total effect of sales growth (Y) on return on equity (ROE) (Z1) is 3.79925%. Thus the magnitude of the influence of the disclosure of Islamic Social Reporting partially on return on equity (ROE) is 3.79925%, with a positive direction, meaning that sales growth has no influence on the high and low return on equity (ROE).

Based on the results of data processing in the section above, the image of the relationship X, Y, Z1 and is as follows:



The following is a summary of the results of hypothesis testing carried out using SPSS 20.00 as follows:

Table 4.6
Partial Summary of Hypothesis Test Results

No.	t_{hitung}		t_{tabel}	nilai-p (sig)		α	Statistical conclusions
1.	1,007	<	2,05183	0,332	>	0,05	Ho is accepted and Ha is rejected, ISR has no effect on sales growth
2.	2,337	>	2,05183	0,027	<	0,05	Ho is rejected and Ha fails to be rejected, ISR affects ROE
3.	1,876	<	2,05183	0,076	>	0,05	Ho is accepted and Ha is rejected, Sales growth does not affect ROE

Tabel 4.7
Ringkasan Hasil Uji Hipotesis secara Simultan

No.	F_{hitung}		F_{tabel}	nilai-p (sig)		α	Statistical conclusions
1.	3,758	>	3,35	0,036	<	0,05	Ho is rejected and Ha is accepted, ISR and sales growth affect ROE

Based on the results of data processing in the above section it can be concluded that the disclosure of Islamic Social Reporting does not affect sales growth, meaning that disclosure of Islamic Social Reporting has no effect on the sales and low highs.

This study is not in line with Cowen, et al. (1987) in Hackston and Milne (1996) stating that consumer-oriented companies are expected to provide information about social responsibility because this will improve the image of the company and increase sales. This is reinforced by Alwi and Da silva (2007) which states that understanding of company image is very important, the preferred image (positive) for the company can influence consumer support and decision making by consumers, while the unwanted (negative) image has an influence will be detrimental to consumer decision making and behavior.

This shows that disclosure of corporate social responsibility has not been a concern of consumers.

The calculation results show that the direct effect of disclosure of Islamic Social Reporting (X) and sales growth (Y) on return on equity (ROE) (Z1) is 16.69% and indirect effects are 4.47%, so the total effect of disclosure Islamic Social Reporting (ISR) (X) and sales growth (Y) on return on equity (ROE) (Z1) amounted to 21.17%. While the residual coefficient PZ1ε2 = √ (1 - 0.218) = 0.88431. Thus the simultaneous disclosure of Islamic Social Reporting (ISR) and sales growth has an effect of 21.17% on Return On Equity (ROE).

Theoretically, it can be explained that the positive image of the company will increase the legitimacy of the company to stakeholders so that it can foster public trust in the company to buy its products and can increase sales growth (sales growth) (Nor, 2008). Sales growth is an important criterion for assessing a company's profitability and is a leading indicator of company activity, sales growth can also improve financial performance as indicated by an increase in Return On Equity (ROE). (Wild, Subramanyam and Halsey, 2005: 72). On the other hand, disclosure of social responsibility has a social benefit content that results in a decrease in demands and claims from stakeholders and can support a conducive business atmosphere so as to provide opportunities to increase company transactions and profitability and provide investment opportunities and security while guaranteeing return on investment. assets (Nor, 2008)

The effect of partial disclosure of Islamic Social Reporting (ISR) on return on equity (ROE) is 17,36885%, meaning that disclosure of Islamic Social Reporting has an influence on the high and low return on equity (ROE). The higher the disclosure of Islamic Social Reporting, the higher the return on equity (ROE) experienced by the company. The results of this study are consistent with the results of research by Auperlle and Collagues (1988) which prove that there is a positive relationship between disclosure of corporate social responsibility and return on assets (ROA). The corporate social responsibility activities reflected in the disclosure of corporate responsibility proved to have a productive impact on the company's financial performance.

Based on the test results it can be concluded that sales growth does not affect return on equity (ROE). The results of this study are not in line with the results of Samiloglu and Demirgunes (2008) who examined the effect of sales growth and return on assets, the results showed that there was a positive influence between sales growth and return on assets.

CONCLUSION AND SUGGESTION

5.1 Conclusions

1. Disclosure of Islamic Social Reporting (ISR) and sales growth has an effect on simultaneously on Return On Equity (ROE).
2. Disclosure of Islamic Social Reporting (ISR) has no effect on sales growth
3. Disclosure of Islamic Social Reporting (ISR) affects the Return On Equity (ROE)
4. Sales growth has no effect on Return On Equity (ROE)
5. Finally, the better the disclosure of ISR and the higher of the sales growth the higher the Return on Equity or the higher financial performance of the companies.

5.2 Suggestions

Referring to the results of the analysis and conclusions of the study, the following suggestions can be put forward:

1. This study shows that the quality of corporate social responsibility disclosures tends to be important, so it is expected that companies to carry out corporate social responsibility activities are reflected in the disclosure of corporate social responsibility in the company's annual report and create a special division to handle corporate social responsibility activities .

2. The community is expected to pay attention to information about disclosure of corporate social responsibility as an alternative in making investment decisions and in consuming a product.

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