

The Influence of Company Size, Profitability, Liquidity, Leverage and Tax Avoidance Disclosure Against the Islamic Social Reporting on Companies Listed On The Indonesian Stock Index of Sharia

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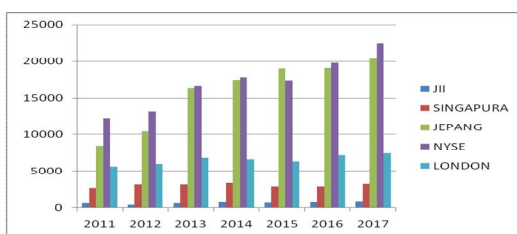
Abstract

Abstract : This research aims to identify the influence of company size, profitability, liquidity, leverage, and tax avoidance against the disclosure of Islamic social reporting companies listed on the Indonesia Islamic stock index 2014-2016 period. The samples used in this study was 44 sample. Sample retrieval techniques in using the method of a purposive sample. Hypothesis testing in this study using multiple linear regression tests. ISR was evaluated based on content analysis, by analyzing the annual report of 18 sharia banks of 2014- 2017 period. In the checklist, the value of 1 was given for the report mentioning items of ISR and otherwise was 0. The results of this study with multiple regression tests shows simultaneously throughout the research variables affect the disclosure of Islamic Social Reporting while partially 1) effect on company Size disclosure ISR, 2) Profitability does not effect disclosure ISR, 3) Liquidity has no effect against the disclosure ISR, 4) Leverage has no effect against the disclosure ISR .5) tax avoidance to disclosure ISR.

Keywords: *Islamic Social Reporting, the size of the company, the company's performance*

1. INTRODUCTION

The development of the business world in the world can be seen from one of the stock indexes for companies going public have been mainly shares of Sharia. The development of sharia Indonesia shares with other countries can be described as follows:



Source: (Financial Services Authority),
2017

The picture above tells us that the development of the most prominent of the five countries is from the NYSE

with the number reached 22405.9, it is still very far for JII showed the lowest index for trading sharia that only 733.3. The development of Sharia-compliant stocks in Indonesia in 1997 and pioneered from the year in the year 2000 with the name publish Jakarta Islamic index, until now the growth of Sharia capital market in Indonesia is highly developed from 531 investors in 2012 the next 4,908 in 2015, 12,283 in 2016 and until recently the development of sharia stocks recorded BEI flourish of 2,571% thus becoming 15,141 in 2017 representing 2.7% of the total investor BEI is 568,752 persons.

Economic growth in Indonesia raises the impact of good and bad, one of the bad impact of the existence of this development is the environmental damage. According to the national

disaster relief Agency noted during the year 2017 has been going the catastrophic 654 across Indonesia with the impact of 61 inhabitants died and went missing, 174 people suffered cuts and 548,173 and refuge as well as a variety of damage at various facilities the public. A related concept is among the companies, the Government and the community are currently developing IE social responsibility company or Corporate Social Responsibility (CSR) as a moral and ethical considerations of the company to the Community (Prmono & Nurlaela, 2012). In order to reduce the environmental impact by doing the reporting responsibility the environment is set in law No. 40 of article 74 paragraph 1 of the year 2007. Indonesia is the country that the majority of the population is Muslim, giving rise to demand for Shariah-compliant products so that the company will be did to have the request with one application of sharia principles in running her business one i.e. sharia-based corporate social responsibility. The developments followed by financial reporting developments especially in the field of social responsibility of the Sharia in the company familiar with the Islamic social reporting (ISR). Rules governing the disclosure of ISR is the PSAK 101 2017 (revised), fatwa No. 40/DSN-MUI/IX/2003 and REGULATION No. 17 year 2012. There are several factors that affect disclosure ISR which are company size, profitability, liquidity and leverage. Application of ISR is certainly on the influence by the budget to implement it, one of the implementation of the reflection of the size of the company because the company tends to have large budgets and considerable responsibility about the responsibility of the company to the community . Gap research which becomes reference in

this research is the research done by (Raharja, 2012), (Alfianita, 2016), (Through 2016, Nurlaela &) also performed research (Nurhayati & Wijayanti, 2017) suggests that the presence of the influence of size corporate influence on Islamic Social Reporting disclosure. However, research in by (Yuyetta, 2013), (Dhiyaul-haq & Santoso, 2016), (Mahanani, Titisari, & Nurlaela, 2017) found that the company's size has no effect against the disclosure of ISR Company said was experiencing an increase in the or decrease can be seen.

Mahanani, Titisari, & Nurlaela, (2017) found that the company's size has no effect against the disclosure of ISR Company said was having increased or decreased can be seen from the financial performance which further analyzed so that description of the company State is invalidated (Melawati & Nurlaela 2016). The company's performance can be re sized with a few indicators of which profitability to see growth company, liquidity to see the level of fulfillment of obligations and short-term leverage is an indicator to see the level of obligations long-term fulfillment company. Developments in Indonesia also in influence with the amount of the State budget which is one of the largest income is the tax sector. Tax avoidance is an activity that is carried out with the aim of tapping the taxpayer cost of the taxes legally by fiskus One of the budget to build is from tax (Nurlaela, 2017). (Suandy, 2008) describing tax evasion (Tax Avoidance) is development of "tax affairs" in accordance with the legislation in force. Some of the statements that gave rise to the question of whether the size of the company, profitability, liquidity, leverage and tax avoidance to disclosure of ISR. This research aims to: (1) prove that there is

a relationship between the size of the company against the Islamic Social Reporting. (2) prove that there is a relationship between Profitability against Islamic Social Reporting. (3) proved that there is a relationship between Liquidity against the Islamic Social Reporting. (4) prove that there is a relationship between Leverage against the Islamic Social Reporting. (5) proved that there is a relationship between Tax Avoidance against Islamic Social Reporting. (6) Prove that there is a relationship between the size of the company, environmental performance And Tax avoidance against Islamic Social Reporting.

2. THEORITICAL FRAMEWORK

The theoritical framework of this research is illustrated as follows:

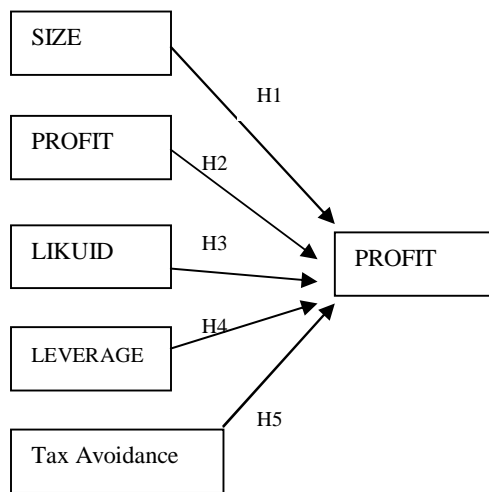


Figure1. Theoritical Framework

3. RESEARCH METHODS

Research method using the method of content analysis, data type used is the quantitative data, the source data used are secondary data. The data collection method used is the documentation. Data analysis technique used was multiple linear regression analysis. The population in this study was liability

company listed on the stock index of Indonesia Islamic year 2014-2016 by using the purposed sampling.

Data Analysis Technique

Data analysis techniques used in this research are as follows:

- a. Descriptive statistics on do to get an overview of the variables within a research
- b. A Classic Assumption Test
 - 1) Test of Normality was done to know that normally distributed data to regression.
 - 2) Autocorrelation test was conducted to find out the level of relations between residual in a single observation.
 - 3) The Multicollinearity, test aims to find out there or whether the same relationship between free variables used.
 - 4) Test Heteroskedasticity aims to analyze, the occurrence of inequalities between the residual.
- c. Multiple linear regression analysis is the technique through a coefficient parameter to know the magnitude of the influence of variables is independent of the dependent variable. The regression model in this study:

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + e$$

Information:

 - Y : Islamic Social Reporting
 - X1 : Size
 - X2 : Profitabilitas
 - X3 : Likuiditas
 - X4 : Leverage
 - X5 : Tax Avoidance
 - α : constant
 - $\beta_1 \dots \beta_4$:Regression coefficients
 - e : error
- d. The F-test is done to see the impact of influence between independent

variables and dependent variables simultaneously.

- e. t-test was conducted to know the influence of partially dependent variable against the independent variable.
- f. Determination of coefficient of test done to measure the proportion of the variation in the free variables in explains zero regression.

4. RESEARCH RESULT

Result of Data Collection

The object of this research is a company listed on the Indonesia Islamic stock index in 2014-2016. This research using the method of purposive sampling so at 44 companies gained as outstanding research into the sample. ISR was evaluated based on content analysis, by analyzing the annual report of 18 sharia banks of 2014- 2017 period. In the checklist, the value of 1 was given for the report mentioning items of ISR and otherwise was 0.

Classical Assumption Test Result

The Descriptive Statistics Analysis

The results of the analysis of the influence of descriptive the size of the company, profitability, liquidity, leverage and tax avoidance in serving the following:

Tabel 1. Summary of Descriptive Statistic

	N	Min	Max	Mean	Std. Dev
ISR	44	.35	.67	.5282	.08264
Size	44	.14	18.34	16.566	1.13773
Pofit	44	.03	.29	.1434	.06390
Liquid	44	.87	6.25	2.5234	1.19609
Leverage	44	.49	6.71	1.8507	1.41484

Tax Avoidance	N	Min	Max	Mean	Std. Dev
Tax Avoidance	44	.01	.56	.2489	.09710

Source of Data Processed 2017

Variable size company as measured by the natural logarithm of total assets showed an average of 16.5661. Indicates the maximum value of a minimum value of Lanao while 18.34 and standard deviation of this research 1.13773. The profitability of variable with a profitability in size with ROE showed median 0.1434 this showed average earnings can be generated company was 14.34% of the total equity of the company-owned. Indicates the maximum value of 0.29 this indicates, these can produce a net profit of up to 29% of the total equity of the company, whereas the minimum value and the standard deviation 0.03 showed this research 0.06390. Variable with liquidity Current ratio denotes average 0.1434 this indicates the company's ability to meet short-term of 14.34%, a maximum value generated showed 6.25 this means companies can meet the short-term liabilities amounted to 625% and the minimum value of the resulting shows 0.87 means companies in this study had a good level of liquidity. Leverage variable with Debt to Equity ratio showed an average of 2.5234, the maximum value of the resulting shows 6.71 this means companies can meet the long-term liabilities and the shortness of 671% of total liability, the minimum value of 0.49 showed there were no meaning companies that could not afford to pay off the liabilities long-term and short. Variable tax avoidance which in size with Cash Ratio showed an average of 0.248 this showed the extent of the tax avoidance conducted the company amounting to 24.8%, the maximum value generated 0.56 this shows the extent of the maximum tax avoidance

committed companies amounted to 56% and the minimum value is generated is 0.01.

Classic Assumption Test

A classic assumption test results that include a test of Normality, Multicollinearity, Heteroskedastic, and Autocorrelation are presented in the table below:

Tabel 2. Summary of Normality test

Variable	N	Kolmogorov-Smirnov Z	Sig.	Description
Unstandardized Residual	44	0,809	0,503	Normal

Source of Data Processed 2017

From table 2 it is known that the Kolmogorov-Smirnov test showed 0.05 significance. So the regression model has a normal distribution, so in conclusion, normally distributed data and can move on to the next test. The next test is the test of Multicollinearity table shown below:

Tabel 3. Summary of Multicollinearity

Variable	Tolerance	Variance Inflation Factor (VIP)	Description
Size (X1)	0,779	1.283	No Problem multicollinearity
Profitability (X2)	0,836	1.196	No Problem multicollinearity
Liquidity (X3)	0,633	1.581	No Problem multicollinearity
Leverage (X4)	0,609	1.641	No Problem multicollinearity
Tax Avoidance (X5)	0,697	1.435	No Problem multicollinearity

Source of Data Processed 2017

Based on the above table, the value of tolerance all variables are above 0.1 and the value of VIF is less than 10 so that it can be concluded there is no Multicollinearity, between the variables.

Tabel 4. Summary of Heteroskedastic

Variable	T	Sig.	Std	Description
Size	-0,925	0,361	0,05	No problem heteroskedasticity
Profitability	0,275	0,785	0,05	No problem heteroskedasticity
Liquidity	-0,474	0,638	0,05	No problem heteroskedasticity
Leverage	-0,543	0,597	0,05	No problem heteroskedasticity
Tax Avoidance	-0,928	0,359	0,05	No problem heteroskedasticity

Source of Data Processed 2017

Based on the table note that the results of the heteroskedastic on the value Glejser Sig (2-tailed) is greater than 0.05 so it can be said that there are no problem heteroskedasticity.

Autocorrelation test results can be seen in the table below:

Tabel 5. Summary of Autocorrelation

D-W	Du	dL	4-dU	4-dL	Description
1,845	1,777	1,2769	2,223	2,7231	No problem Autocorrelation

Source of Data Processed 2017

From table 5 above known values of dL is 1,2769 and dU is 1,7777, and value of 4-dU is 2,2223 and 4-dL is

2,7231. From the calculation of the value of DW=1,845 between dU=1,777 and 4-dU= 2,2223 so that it can be concluded there is no autocorrelation.

Tabel 6. Summary of F test

F Count	Sig.	F table	Description
2,877	0,027	2,62	Accepted

Source of Data Processed 2017

Based on the above table, the value of F is count 3.146. The value of F tables retrieved from table statistic F test with sig 0.05 with df 1 (number of variables-1) = (6-1) = 5 and df2 obtained from (n-k-1) = (44-5-1) = 38 (n is the number of data and k is the number of independent variables). The results obtained for F count was 2,877 > F table Value 2.62, then accepted the H1 and Ho are rejected.

Tabel 7. Summary of t test

Model	T Hitung	T Table	Sig.	Standard	Description
size	2,776	2,022	0,008	0,05	Accepted
Profitability	-1,834	2,022	0,074	0,05	Rejected
Liquidity	0,845	2,022	0,403	0,05	Rejected
Leverage	-1,364	2,022	0,18	0,05	Rejected
Tax avoidance	-2,597	2,022	0,014	0,05	Accepted

Source of Data Processed 2017

Based on table 7 above the value t calculate the variable size of the company 2.776 and the t table 2.022. The results of the test show the SPSS output-table $-t \geq t \text{ count} \geq t \text{ table}$ ($-2.022 \leq 2.776 \leq 2.022$) and the value of sig 0.008 < 0.05 so you can deduce the size of corporate influence on ISR, the value t calculate variables of profitability-1.834 and t table 2.022. The results of the test show the SPSS output-table $-t \leq$

$t \leq t\text{-count table}$ ($-2.022 \leq 1.834 \leq -2.022$) and the value of sig 0.074 > 0.05 so you can deduce the profitability had no effect against the ISR, the value t calculate variable Liquidity 0.845 and t table 2.022. The results of the test show the SPSS output-table $-t \leq t \leq t \text{ count table}$ ($-0.845 \leq 2.022 \leq 2.022$) and the value of sig 0.403 > 0.05 so you can deduce the liquidity has no effect against the ISR, the value t calculate variable Leverage -1.364 < 2.022 t table. The results of the test show the SPSS output-table $-t \leq t \leq t \text{ count table}$ ($-2.022 \leq -1.364 < 2.022$) and the value of sig 0.05 > 0.18 so you can deduce the Leverage has no effect against the ISR, the value t calculate the variable Tax avoidance -2.597 < 2.022 t table. The results of the test show the SPSS output-table $-t \geq t \text{ count} \geq t \text{ table}$ ($-2.022 \geq -2.597 < -2.022$) and the value of sig 0.014 < 0.05 so you can deduce a Tax avoidance to ISR

The result of multiple linear regression analysis using SPSS can be seen in the table below:

Tabel 8. Summary of Multiple linear Regression

Model	Unstandardized Coefficients		T	Sig
	B	Std. Error		
(Constant)	.148	.99	0,743	.462
Size	.032	.011	2,776	.008
Profitability	-.358	.195	-1,834	.074
Liquidity	.010	.012	0,845	.403
Leverage	.014	.010	1,364	.180
Tax Avoidance	-.363	.141	-2,579	.014

Source of Data Processed 2017

Based on the result of regression analysis obtained by the following equation:

$$Y = 0,148 + 0,32\text{Size} - 0,358\text{Profit} - 0,010\text{Likuid} + 0,014\text{Leverage} - 0,363\text{Tax avoidance}$$

Determination of coefficient of test results can be seen in the table below:

Tabel 9. Summary of Adjusted R Square

R	R Sq	Adjusted R Square	Std. Error of the Estimates	Description
0,524	0,275	0,179	0,179	Influential 17,9%

Source of Data Processed 2017

From the table above it can be seen the value of R is 0.524. This means that the correlation between the size of the company, profitability, liquidity and tax avoidance against disclosure of ISR and that value 0.524 approaching 1 means going on the dependent variables against the correlation between the independent variables. While the value of R² obtained was 0.179 or 17.9%, this means that the percentage of the contribution to the influence of variable size enterprise, profitability, liquidity and tax avoidance against disclosure of ISR of 17.9%, while the rest is the influence of the other variables that are not included in this study.

Discussion

- a. The influence of size of the company with disclosure of ISR

The results obtained from the t value in calculate that in proxy with total assets greater than the value of the t table so that you can get the conclusion that the size of the company's influence on disclosure

of ISR reporting disclosure gives because o direct impact on the companies and large corporations with a long operational period tend to have human resources due to a large company is a company that has the resources that are greater than in small companies, so the bigger companies are more able to do budgeting to do budget in social responsibility disclosure the Sharia-related image or a good view towards the company especially for Muslims to be shareholder build confidence in the company.

- b. Influence profitability against disclosure of ISR

The results obtained from the count at t proxy with ROE is smaller than the value t table so that you can get the conclusion that profitability had no effect against the disclosure of ISR since Legitimacy gap or conflict of interest stakeholders and shareholder who is leaning to the shareholder, furthermore in the theory of shareholder primacy which stated that all the main activity of the company is to create maximum profit or profit for shareholders. The theory of direct implementations is the presence of the structure of stock ownership and the GMS meetings become a reference company in decision making.

- c. Influence of Liquidity against the disclosure of ISR

The results from the count at t proxy with a current asset is less than the value of the T table so that you can get the conclusion that Liquidity has no effect against the disclosure of ISR ISR disclosure level because it does not relate in direct and give impact by revealing

his social responsibility. Or no disclosure of corporate social responsibility, the company remains liable to pay off short-term debt.

d. Leverage of Influence against the disclosure of ISR

The results from the count at t proxy with a Debt to equity ratio is smaller than the value t table so that you can get the conclusion that Leverage has no effect against the disclosure of ISR because it only describes the capabilities leverage ratio companies in the pay off long-term debt and short so that there is no connection with the social responsibility reporting level, existing debt in the company are reported because of an obligation to contain the risk of a company While social responsibility reporting is still voluntary from the company. Logically a lender tends to be more noticed than analyzing the annual report and see the social responsibility of the sides.

e. The influence of tax avoidance against disclosure of ISR

The results from the count at t proxy with Cash value greater than ETR t table so that you can get the conclusion that tax avoidance is influential in the alternative with the disclosure of ISR because tax is an important part of disclosure of corporate responsibility toward the country so that the level of disclosure of tax evasion will be higher, when the company reveals more responsibility of social

Conclusion

Based on the results that have been obtained from the data obtained by multiple regression analysis, it can be concluded that all the independent

effect of significantly is the disclosure of ISR. The results of this study are in line with research (Maulida P & et al, 2014), (Nurhayati & Wijayanti, 2017), (Purnama Siddi, 2017) stating that the company's size, profitability, liquidity, leverage and tax avoidance to disclosure Islamic Social Reporting. While simultaneously showed 1) company-size effect on disclosure ISR, 2) Profitability has no effect against the disclosure ISR, 3) Liquidity has no effect against the disclosure ISR, 4) Leverage has no effect against the disclosure ISR .5) tax avoidance disclosure ISR. Suggestions for further research are: 1) increased the number of variables using (like zakat, GCG, etc), 2) expand the sample which is in use, 3) add to the performance indicators of the company

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