
Islamic governance, sharia supervisory board, environmental performance, and Islamic social reporting: Evidence from Indonesia

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ABSTRACT

Islamic social reporting has been recognised as a major concern in Islamic accounting research in Indonesia. However, research on this issue still remains more paucity of evidence. The purpose of this study was to determine the effect of Islamic governance scores, sharia supervisory board education, cross membership of sharia supervisory boards, and environmental performance on Islamic social reporting. The population used in this study is Sharia Commercial Banks listed on the Financial Services Authority (OJK) during 2008-2020. The sampling technique used was purposive to obtain a sample of 150 companies that met the criteria. This study employed multiple regression analysis using the SPSS program to analyze the data. The results of this study showed that Islamic governance score and environmental performance had a positive effect on the disclosure of Islamic social reporting. On the other hand, the result further indicated that the education of the sharia supervisory board and cross-membership of the sharia supervisory board had no effect on the disclosure of the Islamic social reporting disclosure. The results contribute to providing fruitful insights to Islamic banks that Islamic governance score and environmental performance are two crucial factors determining the Islamic social reporting.

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INTRODUCTION

Currently, Islamic Social Reporting (ISR) is still voluntary because there are no standards from the government (Hussain et al, 2020). In contrast to Corporate Social Responsibility (CSR) which is mandatory with the issuance of Law No. 40 of 2007 concerning limited liability companies, the annual report must contain several information, one of which is a report on the implementation of social and

environmental responsibility (Amran et al, 2017). Unfortunately, CSR has not been able to fully disclose social responsibility information as a whole, including the sharia theme. As a result, there is a need for ISR to complete the disclosure of social responsibility information that has not been included in CSR. Meanwhile, ISR which is still voluntary causes the reporting of each sharia entity to be different (Jannah & Asrori, 2016). ISR in accordance with Islamic entities in it discloses matters relating to Islamic principles including transactions that are free from elements of usury, speculation, gharar and disclosure of zakat, sharia compliance status and social aspects (infaq, alms, waqf) to reveal how worship in the company environment (Susbiyani et al., 2022). This index is expected to be the initial step in CSR disclosure standards that are in accordance with Islamic principles (Priyanti, 2020). The growth of Islamic banks in Indonesia has developed very rapidly. The financing provided by Islamic commercial banks and sharia business units is increasingly attracting public interest in using Islamic financial services (Pratama et al, 2020).

Islamic governance score is a special feature for Islamic banks compared to conventional banks (Elamer et al., 2020). According to the Financial Services Authority (OJK) Regulation No. 30/POJK.05/2014 concerning good corporate governance for finance companies, the sharia supervisory board is part of the company's organ that has the task and function of supervising the implementation of company activities in accordance with sharia principles. The existence of a sharia supervisory board can increase CSR disclosure because it can make comparisons on several company reports so that they can find out which reporting is the best. Directing, checking, and supervising the activities of Islamic banks and ensuring that Islamic banks are running in accordance with Islamic law are the main functions of the sharia supervisory board (Nabilah et al, 2018). The authority of the sharia supervisory board is believed to be able to increase the disclosure of sharia banking social responsibility (Nabilah et al, 2018).

Sharia supervisory board education has an influence on disclosure Islamic social reporting. The degree of education is expected to affect the level of human knowledge in this case is the sharia supervisory board. Supervision of the Islamic banking industry requires knowledge such as Islamic law, economics, and financial and accounting practices (Bukair & Rahma, 2015). The educational background resulted in the finding that the sharia supervisory board that has a sharia economic education background will have a positive influence on Islamic social reporting, where in Islamic social reporting there are also aspects of social performance (Mukhibad, 2018). Sharia Supervisory Boards with a high level of education have greater analytical skills and are professional, can provide effective decisions, and can choose and determine whether a regulation can be carried out according to sharia principles or not, thus, Sharia Supervisory Boards with a high level of education can increase organizational effectiveness and disclosure of social responsibility (Khoirunnisa, 2019).

Cross-membership of the sharia supervisory board is when members of the supervisory board sit in several agencies. Members of the sharia supervisory board may only hold concurrent positions as members of the SSB in a maximum of two banking institutions and two non-bank Islamic financial institutions, as well as being obliged to hold a meeting at least once a month (Nugroho, 2020). Cross membership in other Islamic banks can provide more experience for members of the Sharia Supervisory Board. This allows them to make comparisons of best practice among Islamic banks in the disclosure of social responsibility (Safiullah, 2021). According to Bukair and Rahman (2013), cross membership will affect CSR disclosure. This is supported by Nomran et al. (2018) who found that SSB cross membership has a better association with banking performance.

Environmental performance is a company's performance that shows concern in producing a good environment (Widyanti & Cilarisinta, 2020). Prayanthi & Mandagi (2015) explain that environmental management is a company strategy that will describe environmental performance based on a certain evaluation standard. Furthermore, it is explained that environmental management

strategies will result in good environmental performance and will have an impact on increasing company performance (Klassen & McLaughlin, 1996). Good environmental performance will tend to be disclosed by the company in the disclosure of social responsibility because it is good news owned by the company that can attract investors. Thus, the better the environmental performance of a company, the wider the disclosure of social responsibility information (Kurniawati & Yaya, 2017).

The objective of this study is to develop the research conducted by Widya (2021) which examines the effect of Islamic corporate governance on disclosure of islamic social reporting in islamic banking in asia. The development carried out is to add three independent variables from Widya (2021), namely the education variable of the sharia supervisory board, cross membership of the sharia supervisory board and environmental performance. The difference between this research and the research conducted by Widya (2021) is the company to be studied and the sampling period. There are differences in the results of previous studies, so that further research is needed to examine the effect of Islamic governance scores, sharia supervisory board education, cross membership of sharia supervisory boards and environmental performance on Islamic social reporting disclosures. This study uses a sample of Islamic commercial bank companies registered with the Financial Services Authority (FSA).

Literature Review

Legitimacy Theory

Legitimacy theory explains that a company always has a social contract with the surrounding environment, both the natural environment and the social environment (Wang et al., 2022). "Legitimacy theory as the idea that in order for an organization to continue operating successfully, it must act in a manner that society deems socially acceptable" which means that the company's management must be able to ensure that the operations carried out are always acceptable to the surrounding community, especially related to the norms that are trusted and believed by the community, therefore all of the company's activities will be legitimized (accepted and allowed) by the community (Ali et al., 2021).

Stakeholder Theory

Stakeholder thinking began to develop and has become commonplace since the publication of the book Strategic Management: A Stakeholder Approach by Freeman in 1984 which emphasizes the stakeholder concept (Garg & Gupta, 2020). Stakeholder theory discusses management's responsibility to stakeholders, this theory complements management to act better in order to promote the company's main goals (Rashid et al, 2020). The use of the term stakeholder was first introduced by the Stanford Research Institute (SRI) in the 1960s. The Stanford Research Institute argues that managers need to pay attention to shareholders, employees, customers, suppliers, lenders and society to develop goals that stakeholders will support (Freeman et al, 2001).

Resource Dependence Theory (RDT)

This theory was put forward by Pfeffer and Salancik in 1978, where the main focus is on the symbiotic relationship between an organization and its environmental resources. This theory states that there are three main factors that determine dependence on the provision of these resources, namely the first, the importance of the resources around where these resources are needed in their operations and business continuity; second, there are interest groups that have policies on the allocation and use of resources. Then, the last reason is that there is influence on resources by interest groups (Naheed et al., 2021).

Hypotheses Development

According to [Farook et al. \(2011\)](#) IGS is a proxy for the characteristics of the Sharia Supervisory Board (SSB) as measured by the presence of members of the sharia supervisory board, the number of sharia supervisory boards, and experience or reputation. According to Bank Indonesia Regulation No.11/33/PBI/2009, the Sharia Supervisory Board (SSB) is a board tasked with providing advice and suggestions to the board of directors as well as supervising bank activities in accordance with sharia principles. The number of members of the sharia supervisory board according to the GCG provisions stipulated in Law no. 40 of 2007 concerning limited liability companies, namely at least two people. The existence of this Sharia supervisory board is an effort to improve Corporate Governance and improve the quality of services to the surrounding community ([Nabilah et al, 2018](#)). The more Sharia Supervisory Boards, the better the performance of Islamic banking in carrying out the disclosure of Islamic Social Reporting.

Financial institutions with a high Islamic Governance Score will have various perspectives and experiences that result in a better review of corporate reporting, especially in terms of corporate governance and corporate social reporting ([Abdullah et al., 2011](#)). This explanation is in line with the results of research conducted by [Elamer et al., 2020](#) and [Fadhila et al. \(2020\)](#) which state that the Islamic Governance Score has a positive influence on the disclosure of Islamic Social Reporting. Hence, a hypothesis is postulated.

H₁: Islamic governance score has a positive effect on Islamic social reporting.

The level of education is expected to affect the level of human knowledge. Supervising the Islamic banking industry requires knowledge such as Islamic law, economics, and financial and accounting practices ([Bukair & Rahman, 2013](#)). In accordance with Bank Indonesia regulations, SSB members must have competencies related to knowledge and experience in the field of sharia muamalah and in banking and finance. SSB members who are highly educated will be able to solve not only sharia problems but also economic problems ([Bukair & Rahman, 2013](#)). According to [Anton \(2018\)](#), the sharia supervisory board with the title of professor can increase the effectiveness of sharia, social, and financial accountability.

The sharia supervisory board with the title of professor has a strong scientific reputation so that it can improve the quality of sharia bank compliance with sharia rules. In addition, SSB with the title of professor also has high scientific authority so that his suggestions, opinions, and advice in terms of social and financial responsibility are considered and implemented by management optimally. That is, the education of the sharia supervisory board affects the level of disclosure Islamic social reporting. This is in line with research conducted by [Nomran \(2018\)](#), [Mukhibad \(2018\)](#) and [Farook et al. \(2011\)](#) which shows empirical evidence that the education of the Sharia Supervisory Board has a positive effect on the disclosure of Islamic social reporting. Thus, we formulate the below hypothesis.

H₂: Sharia supervisory board education has a positive effect on Islamic social reporting.

Cross-membership of the sharia supervisory board is when members of the supervisory board sit in several agencies. Members of the sharia supervisory board may only hold concurrent positions as members of the SSB in a maximum of two banking institutions and two non-bank Islamic financial institutions, as well as being obliged to hold a meeting at least once a month ([Nugroho, 2020](#)). PBI No. 11/33/PBI/2009 stipulates that members of the SSB may only hold concurrent positions as members of the SSB at a maximum of two banking institutions and two non-bank Islamic financial institutions and members of the Sharia Supervisory Board are prohibited from holding concurrent positions as consultants in all BUS and/or UUS. One SSB member is allowed to hold concurrent positions as a member of the DSN.

Companies must disclose cross-membership in the annual report as a form of transparency. According to [Farook et al. \(2011\)](#) cross-membership of the SSB describes more discussions about the application of the law Islam at IB. Then, cross-SSB membership can increase experience regarding the implementation of IB product and service activities in accordance with Islamic principles. In addition, according to [Bukair & Rahman \(2013\)](#) cross membership will affect CSR disclosure. This is supported by [Nomran et al. \(2018\)](#) who found that SSB cross membership has a better association with banking performance. In line with research conducted by [Nomran et al. \(2018\)](#), [Nabilah et al. \(2018\)](#) states that cross-membership membership has a positive effect on disclosure of Islamic social reporting. Therefore, the hypothesis below is tested.

H₃: Membership across the sharia supervisory board has a positive effect on Islamic social reporting.

Environmental performance is the company's performance in creating a good or green environment ([Susbiyani et al., 2022](#)). Strategies in environmental management will produce good environmental performance and will have an impact on increasing company performance ([Klassen & McLaughlin, 1996](#)). According to [Akhter \(2022\)](#), based on the legitimacy theory, companies with good environmental performance will disclose more information on environmental quantity and quality than companies with poor environmental performance. Where this can convince the community that the company is able to manage the environment properly and in accordance with the values that apply in the surrounding community.

Environmental performance is an effort to create a good environment in order to build a corporate image in which stakeholders and manifest concern for the environment in line with the view of legitimacy theory. Companies that get a high EMP (Environmental Management Performance) score indicate that the bank correctly incorporates environmental management policies in its company. On the other hand, low EMP scores have a weak environmental management framework that does not help in managing the impact of environmental risks on the operations of these banks. Based on the description above, also supported by [Kurniawati and Yaya, \(2017\)](#), [Laguir et al., \(2021\)](#) suggest that environmental performance has a positive effect on disclosure Islamic social reporting. Good environmental performance will tend to be disclosed by companies in the disclosure of social responsibility ([Kurniawati & Yaya, 2017](#)).

H₄: Environmental performance has a positive effect on Islamic social reporting.

METHOD

To ensure that objectives are met, this study is guided by research questions: How do sharia governance scores, sharia supervisory board education, cross membership sharia supervisory boards, environmental performance affect Islamic social reporting? This study uses a quantitative approach by testing the hypothesis. This study uses archival data to test our predictions. The population and sample used in this study were islamic commercial banks in 2008-2020. The sampling technique used in this research is purposive sampling. Based on the sample criteria that have been selected in this study, a research sample of 14 companies was obtained for each year where the period used in the study was 2008-2020. So the total sample used is 150.

To determine the Islamic Governance Score (IGS), this study uses content analysis by checking each item which includes: the presence of the sharia supervisory board, the number of the sharia supervisory board, the number of meetings, and experience/reputation with the following conditions ([Farook et al., 2011](#)): 1) The existence of the Sharia Supervisory Board (SSB)= if there is a score of "1", otherwise "0", (2) Number of Sharia Supervisory Board= if it is equal to or more than two it is given a score of "1", if it is less then "0", (3) Number of meetings= if it is equal to or more than 6 times given a score of "1", if less "0", (4) Experience/reputation= SSB who have experience in other

institutions or institutions are given a score of "1", while those who do not have experience have a score of "0".

Sharia supervisory board education (SSBE), the sharia supervisory board education variable in this study was calculated based on the proportion of sharia supervisory board members holding PhD degrees compared to all SSB members in each Islamic bank (Nomran et al., 2018). The measurement of membership across the sharia supervisory board is carried out by calculating the proportion of the sharia supervisory board holding concurrent positions in other institutions compared to the total members of the SSB (Nugraheni, 2018). The indicators used in measuring environmental performance in this study use the EMP (Environmental Management Performance) assessment index at the bank. The calculation refers to the research conducted by Bimha and Nhamo (2017), which is presented in Table 1.

Table 1. EMP Indicator

EMP Measurement Indicator		
EPI sub-dimensional	EPI indicator details	EPI encoding
Environmental governance/organizational structure	Where is the highest level of direct environmental responsibility in the company?	Board of Directors/ Commissioners/ Executive= 4 Senior manager = 3 Middle manager = 2 Junior manager = 1
	Does the company provide incentives in managing environmental problems, including those related to achieving targets?	Yes = 1 No = 0
Environmental strategy	Choose the option that best describes the company's risk management in terms of risks and possible impacts on the environment.	Specific climate change risk management process = 2 Integrated into multidisciplinary risk management processes across the company = 1 No documented process to assess and manage risks and opportunities from climate change = 0
	Is environmental planning integrated into the company's strategy?	Yes = 1 No = 0
Targets & initiatives on the environment	Does the company engage in activities that can directly or indirectly influence public policy on the environment?	Jump = 2 Yes / Indirect = 1 No = 0
	Does the company have emission reduction targets in the reporting year?	Absolute & intensive big target = 2 Intensive or absolute target = 1 None = 0
	What is the absolute target of the company regarding emission reduction?	Emissions reduction targets 71 > = 5 51-70% = 4 41-50% = 3 21-40% = 2 0-20% = 1 Not provided = 0
	Does the company have any emission reduction initiatives in the reporting year?	Yes = 1 No = 0
	What is the result of identifying the total number of projects at each stage of development, and for those in the	Implemented = 2 To be implemented or in investigation = 1

EPI sub-dimensional	EPI indicator details	EPI encoding
Environmental audit	implementation stage, is there an estimate of Co2e savings.	None = 0
	How's the status verification/guarantee that applies to company reports and is there proof of status verification/guarantee that applies to coverage 1 emissions that the company reports.	Verify for both Scope 1 and 2 = 2 Coverage 1 or 2 = 1 None = 0
Participation in emission policy	How's the status verification/guarantee that applies to company reports and is there proof of status verification/guarantee that applies to coverage 2 emissions that the company reports.	
	Is the company participate in emission policy schemes? Was the company involved in projects related to carbon credits or purchased carbon credits in the reporting period?	Yes = 1 No = 0 Yes = 1 No = 0

Moreover, [Table 2](#) depicts measurement of Islamic social reporting in this study that uses the ISR index which consists of 43 disclosure items referring to the research of [Hussain et al. \(2020\)](#). This index was chosen as a development of the ISR index designed by [Othman et al \(2009\)](#) with an adjustment of the index that can be applied and cannot be applied in Indonesia. The measurement of Islamic Social Reporting is by scoring or dummy by using a score of 1 or 0. For each item that is disclosed will be given a score of 1 and items that are not disclosed are given a score of 0.

Table 2. Islamic Social Reporting Index

Funding and Investment	Products and services
No Riba	Eco-friendly products
No Gharar	Product halal status
Zakat:	Quality and safety of a product
Method used	
Amount of Zakat	
Benefit recipients	
Does not provide liability for late payment of receivables and write-off of bad debts	Consumer complaints / indicators not met in regulations and voluntary codes (if any)
Current Value Balance Set (CVBS)	
Value Added Statement (VASE)	
Employee	Public
Nature of work:	<i>Saddaqa</i> / donate
Working hours	
Holiday	
Other benefits	
Education and training / human resource development	<i>waqf</i>
Equal opportunity	<i>Qardhassan</i>
Employee engagement	Voluntary fee
Occupational Health and Safety	Education: School adoption scheme Scholarship
Work environment	work graduate

Special employees of other groups (disabled, ex-convicts, ex-drug addicts)	Young generation
Higher echelons in the company perform congregational prayers with lower and middle level managers	Poverty
Muslim employees are allowed to perform their obligatory prayers during certain times and fasts of Ramadan on their working days	Child care
The right place of worship for employees	Charity / gifts / social activities
	Sponsoring public health/recreation projects/cultural events
Environment	Corporate Governance
Environmental conservation	Sharia compliance status
Endangered wildlife	Ownership structure:
	Number of Muslim shareholders and their share ownership
Do not pollute the environment	Muslim vs non muslim structure board
Environmental education	Not doing prohibited activities:
	Monopoly practice
	Stockpiling of necessary items
	Price manipulation
	Fraudulent business practices
	Gambling
Environmental products / related processes	Anti-corruption policy
Environmental audit / independent / government verification statement	

Source: [Othman et al. \(2009\)](#)

The hypotheses in this study were tested using multiple regression analysis method. However, before performing multiple regression testing, it is necessary to test the classical assumption test first to test and ensure the feasibility of the regression model used in this study. The regression in this study is as the [equation 1](#).

$$ISR = \alpha + \beta1IGS + \beta2SSBE + \beta3CMSSB + \beta4EP + \varepsilon \dots\dots\dots (1)$$

RESULTS

Descriptive Statistical Analysis

Descriptive statistics is defined as a method of analyzing quantitative data, so as to provide an overview or description of data seen from the number of samples, minimum, maximum, mean and standard deviation values to describe each research variable, so that it is easy to understand contextually by the reader ([Ghozali, 2013](#)). The results are presented in [Table 3](#).

Table 3. Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
IGS	150	0,25	1,00	0.9750	0.09044
SSBE	150	0,00	1,50	0.7531	0.31114
CMSSB	150	0,00	1,00	0.6717	0.36410
EP	150	0,17	0,46	0.2646	0.10264
ISR	150	0,16	0,67	0.4470	0.11894
Valid N (listwise)	150				

Source: Data processed (2021)

Description:

IGS : Islamic Governance Score
 SSBE : Sharia Supervisory Board Education
 CMSSB: Cross Membership of Sharia Supervisory Board
 EP : Environmental Performance
 ISR : Islamic Social Reporting

Multiple Regression Analysis

Multiple regression analysis was used to determine the effect of the independent variable on the dependent variable. In this study, the independent variables were Islamic Governance Score (IGS), Sharia Supervisory Board Education (SSBE), Cross Membership of Sharia Supervisory Board (CMSSB), and Environmental Performance (EP) on the dependent variable, namely Islamic Social Reporting (ISR). The results of linear regression analysis can be seen in the [Table 4](#).

Table. 4 Multiple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	-0.051	0.081		-0.634	0.527
IGS	0.299	0.088	0.228	3.417	0.001
SSBE	0.032	0.024	0.084	1.309	0.193
CMSSB	0.016	0.022	0.049	0.737	0.462
EP	0.649	0.074	0.560	8.771	0.000

Dependent Variable: Islamic Social Reporting

Source: Data processed (2021)

Based on the results of the regression coefficients above, a multiple linear regression equation model can be made as the [equation 2](#).

$$ISR = -0,051 + 0,299IGS + 0,032SSBE + 0,016CMSSB + 0,649EP \dots \dots \dots (2)$$

Determination Test Results (Adjusted R²)

Based on the [Table 5](#), it can be seen that the Adjusted R Square value is 0.437 or 43.7%. This value shows that the independent variables Islamic Governance Score (IGS), Sharia Supervisory Board Education (SSBE), Cross Membership of Sharia Supervisory Board (CMSSB), and Environmental Performance (EP) can explain the dependent variable, namely Islamic Social Reporting (ISR) of 43,7% and the remaining 56.3% explained other variables outside the regression model.

Table 5. Adjusted R-Square Test Results

Model	R Square	Adjusted R Square
1	0.452	0.437

Source: Data processed (2021)

Individual Parameter Significance Test

[Table 6](#) demonstrates that the t-value of Islamic Governance score is 3.417, Education of the Sharia Supervisory Board is 1.309, Cross Membership of the Sharia Supervisory Board is 0.737 Environmental Performance is 8.771. The number of samples is 150 then the resulting degrees of freedom $df = 146$ from nk with a significant value of 5% so that the ttable value is 1.65536.

Table 6. Statistical Test Results t

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
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CMSSB	0.016	0.022	0.049	0.737	0.462
EP	0.649	0.074	0.560	8.771	0.000

Dependent Variable: Islamic Social Reporting

Source: Data processed (2021)

DISCUSSION

Based on the results of the analysis, the Islamic governance score variable has a positive effect on the disclosure of Islamic social reporting. This means that H_1 which states that the Islamic governance score has a positive effect on the disclosure of Islamic social reporting is accepted. The results of this study support the hypothesis that the Islamic governance score has a positive effect on the disclosure of Islamic social reporting. The existence of this sharia supervisory board is an effort to improve corporate governance in sharia institutions. This is in accordance with the theory of legitimacy, to gain legitimacy from the community, companies need to take action in accordance with the norms, values, and belief systems of the community. the company's efforts to disclose information on social responsibility or Islamic social reporting in an action that is in accordance with the system of norms, values, and public beliefs. Companies that implement good governance will provide greater corporate social responsibility disclosures or Islamic social reporting (Vo et al., 2022). The results of this study are in line with research conducted by Susbiyani et al. (2022), Amran et al. (2017) and Fadhila et al (2020) which state that the Islamic Governance Score has a positive influence on the disclosure of Islamic Social Reporting.

Based on the results of the analysis, the education variable of the sharia supervisory board has no effect on the disclosure of Islamic social reporting. This means that H_2 which states that the education of the sharia supervisory board has a positive effect on the disclosure of Islamic social reporting is rejected. The test results above indicate that the education of the sharia supervisory board has no effect on the disclosure of Islamic social reporting. This can happen because the degree of education level held by the sharia supervisory board is in various fields, not necessarily in the field of accounting which results in not all understanding the theory and practice of disclosing social responsibility (Vo et al., 2022). The results of this study are in line with research conducted by Setiawan (2020), Meutia et al. (2019) and Nugraheni (2018) which found that the education of the sharia supervisory board had no effect on the disclosure of Islamic social reporting.

Based on the results of the analysis, the cross-membership variable of the sharia supervisory board has no effect on the disclosure of Islamic social reporting. This means that H_3 which states that cross-membership of the sharia supervisory board has a positive effect on the disclosure of Islamic social reporting is rejected. The results of this study have not been able to prove the hypothesis that cross-membership of the sharia supervisory board has a positive effect on the disclosure of Islamic social reporting. This means that the multi-position or cross-office syraiah supervisory board has no effect on the disclosure of Islamic social reporting. The results of the research on the cross-membership of the sharia supervisory board are not in line with the Resources Dependence Theory which explains that the cross-membership of the sharia supervisory board creates an interlock between directors that can bridge management with the external environment. thus, cross-membership can leak information about the company's activities and policies in the disclosure of social responsibility (Akhter et al., 2022).

The results of research by Meutia et al. (2019) state that sharia supervisory boards that hold concurrent positions or do not hold concurrent positions at other financial institutions have the same level of quality, which means that sharia supervisory boards that hold concurrent positions or do not have the same level of quality supervision and do not have the same level of quality control. Affect the disclosure of Islamic social reporting. The results of this study are in line with the research conducted by Setiawan (2020), and Nugraheni (2018) which found that cross-membership of the sharia supervisory board of the sharia supervisory board had no effect on the disclosure of Islamic social reporting.

Based on the results of the analysis, the environmental performance variable has a positive effect on the disclosure of Islamic social reporting. This means that H₄ which states that environmental performance has a positive effect on the disclosure of Islamic social reporting is accepted. The results of this study support the hypothesis that environmental performance has a positive effect on disclosure Islamic social reporting. The results of the research on environmental performance variables are in line with stakeholder theory which states that companies will choose to voluntarily disclose information about their environmental, social, and intellectual performance over and above their mandatory request to meet actual expectations or those recognized by stakeholders (Elamer et al., 2020). This theory is proven by the situation, namely when a company pays attention to environmental issues and does not pursue profit alone, the company will gain the trust of stakeholders so as to support the sustainability of the company's operations in the form of increasing disclosure of social responsibility or Islamic social reporting (Abdullah et al., 2013). The results of this study are in line with research that has been carried out by Kurniawati and Yaya (2017) which suggests that environmental performance has a positive effect on the disclosure of Islamic social reporting.

CONCLUSION

The conclusions that can be drawn from this research are as follows: Islamic governance score has a positive effect on disclosure of Islamic social reporting, Islamic supervisory board education has no effect on disclosure of Islamic social reporting, Membership across sharia supervisory boards has no effect on disclosure of Islamic social reporting, Environmental Performance has a positive effect on the disclosure of Islamic social reporting. This study provides a theoretical contribution by making the Islamic governance score and environmental performance variables as the main predictors of Islamic social reporting. This study provides a theoretical contribution by making the Islamic governance score and environmental performance variables as the main predictors of Islamic social reporting

The limitations of this study are also acknowledged. This study only uses 4 independent variables, namely Islamic governance score, education of the sharia supervisory board, cross membership of the sharia supervisory board and environmental performance, there are still other factors that may affect the disclosure of Islamic social reporting. Based on the conclusions and limitations described above, it can provide suggestions for further research, namely (1) Testing the effect of environmental performance on Islamic social reporting samples by expanding research from several types of company sectors, (2) Increasing other independent variables that can have financial influence. Islamic social reporting like performance.

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