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Repositioning Islamic social reporting as a strategic moderator: Evidence from Indonesian Islamic banks

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Abstract

This study aims to assess the effect of Islamic Social Reporting (ISR) on the relationship between financial performance and firm value in Indonesian Islamic banks. This study utilizes the Moderated Regression Analysis model, with ISR serving as the moderating variable, financial performance metrics (Financing to Deposit Ratio [FDR], Return on Assets [ROA], and Capital Adequacy Ratio [CAR]) as the independent variables, and firm value (EVA) as the dependent variable. The study focuses on ten Islamic commercial banks in Indonesia from 2017 to 2023 and is based on the analysis of 70 annual financial reports, utilizing Moderated Regression Analysis. The findings indicate that ISR significantly moderates and strengthens the relationship between ROA and EVA. This underscores the critical role of ISR reporting in helping regulators develop a more comprehensive framework and in reinforcing the industry's adherence to Islamic economic principles. By exploring the nuanced role of ISR in amplifying financial signals like ROA, this study subtly repositions ISR from a mere reporting obligation to a strategic element that deepens the value relevance of Islamic financial disclosures.

Keywords: financial performance, firm value, Islamic bank, Islamic social reporting, maqasid sharia

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Introduction

Islamic banking in Indonesia has grown substantially due to its alignment with the Muslim population's financial needs and religious values (Mahkamah Konstitusi Republik Indonesia, 2022). This progress is visible in the proliferation of Islamic financial instruments such as Islamic securities, mutual funds, insurance, and ***Sharia***-compliant products like the ***Sharia*** Restricted Intermediary Account (SRIA) (Komite Nasional Keuangan Syariah, 2019). Central to this development is the prohibition of ***riba*** (usury), as emphasized in Qur'an Surah Al-Imran: 130, which instructs believers to avoid usury and fear Allah to attain success. Such religious mandates foster a demand for ethical, ***Sharia***-based financial alternatives, which must be matched by Islamic banks' efforts to preserve public trust through transparency and performance evaluation (Azwa & Afriani, 2016). In this regard, Indonesia's Financial Services Authority (OJK, 2024) has implemented strategic work programs to enhance Islamic banking, including optimizing the management of Hajj funds and philanthropic instruments like ***waqf***, ***zakat***, ***infaq***, and ***shodaqoh***. These initiatives underscore the core Islamic values of participation, accountability, and sustainability that necessitate clear and comprehensive disclosure, particularly in the form of Corporate Social Responsibility (CSR) reporting consistent with Islamic principles.

CSR in Islamic banking is not merely a business obligation but a religious and ethical imperative that resonates with the concept of ***maslahah*** (public good). According to Arsad et al. (2022), CSR under the ***Sharia*** framework should contribute to community welfare and foster sustainable, socially responsible behavior. In this context, Islamic Social Reporting (ISR) emerges as the most suitable CSR disclosure guideline, encompassing values derived from Islamic teachings (Mardliyyah et al., 2020). As conceptualized by (Haniffa, 2002), the ISR index serves as a benchmark for Islamic banks to demonstrate accountability to Allah SWT and society. It embodies a holistic commitment to social justice and moral responsibility by integrating ***Sharia*** norms into corporate disclosure. Therefore, Islamic banks in Indonesia are expected to achieve financial excellence and uphold these spiritual and ethical mandates through ISR-based CSR disclosures (Othman, 2009). Nevertheless, the mere publication of ISR does not inherently guarantee firm value enhancement. Instead, a firm's value is primarily influenced by its financial performance indicators, such as the Capital Adequacy Ratio (CAR), Return on Assets (ROA), Return on Equity (ROE), Net Operating Margin (NOM), and Financing to Debt Ratio (FDR) (Kusjuniati, 2018). Thus, ISR may function as a moderating variable, shaping how financial performance translates into firm value.

Social responsibility reporting, particularly when framed through the ISR index, plays a critical role in aligning corporate performance with stakeholder expectations. It helps bridge the gap between economic objectives and ethical obligations, creating a synergy that enhances a company's reputation, mitigates risks, and fosters stakeholder trust (Ningrum et al., 2022; Diansyah & Fitri, 2023). According to Kawilarang et al. (2023), robust CSR practices provide long-term value by fostering sustainable stakeholder engagement, particularly when guided by Islamic law. This is crucial in Islamic banking, where compliance with ***Sharia*** is integral to stakeholder confidence. Consequently, ISR may influence how financial performance metrics such as ROA, CAR, and FDR impact firm value, potentially acting as a moderator. However, empirical studies present mixed findings regarding this moderating effect. For instance, Sulistiyo and Yuliana (2019), Agustin and Annisa (2021), Putra and Sunarto (2021), Tunjungsari and Irkhami (2021), and Aini (2022) found ISR could moderate the relationship between ROA and firm value, whereas Nahar et al. (2017) disagreed. Similarly, while Sulistiyo and Yuliana (2019) and Aini (2022) supported ISR's moderating role between CAR and firm value, other scholars, including Asari et al. (2021), Putra and Sunarto (2021), Tunjungsari and Irkhami (2021), and Nurhayati et al. (2022), found no such effect. Regarding FDR, Rahma and Munfaqiroh (2021) posited a moderating role of ISR, contradicting Hanifah (2019) and Zs et al. (2022). These inconsistencies suggest that the relationship between financial performance, ISR, and firm value remains inconclusive, requiring deeper investigation.

This study is also anchored in the Islamic worldview, which integrates spiritual, ethical, and material dimensions into a unified vision of life (Tamam, 2017). Sayyid Qutb, as mentioned in Yasin et al. (2022), asserted that all human endeavors, including economic activities, are acts of worship governed by divine principles that seek the pleasure of Allah (***mardhatillah***) (Furqani, 2019). This aligns with the philosophy of ***Maqasid*** Sharia, which aims to protect five essential values: religion, life, intellect, lineage, and wealth (Sarwat, 2019; Soediro & Meutia, 2018). According to Farhan et al. (2021), the realization of ***maslaha***h and avoidance of ***mudharat*** through financial activity forms the essence of Islamic economics, differentiating it from conventional finance (Zarkasyi, 2013). When based on Sharia principles, CSR contributes to these objectives by creating value for society and reducing business risks. Rahmah (2017) emphasizes that such CSR enhances a company's public image and attracts investors, ensuring long-term sustainability. Furthermore, Lakilaki et al. (2024) argued that CSR prevents losses by building institutional resilience. Accordingly, ISR acts as a medium through which ***Sharia***-compliant CSR activities can be systematically disclosed and evaluated, bridging ethical imperatives and economic outcomes.

Despite the promising conceptual framework, prior studies show significant gaps in both theoretical consensus and methodological rigor. Many have relied exclusively on the ISR indicators proposed by Haniffa (2002), overlooking the more comprehensive frameworks suggested by Sulaiman and Willett (2003), Maali et al. (2006), Haniffa and Hudaib (2014), Othman (2009), and Fitria and Hartanti (2010). The limited adoption of these broader ISR constructs may have contributed to the inconsistencies in empirical findings. The present study addresses this gap by adopting a more extensive set of ISR indicators, incorporating stakeholder engagement, institutional ethics, and Sharia-based sustainability. This allows for a more robust examination of ISR's moderating role in the relationship between financial performance (measured by ROA, CAR, and FDR) and firm value (measured by Economic Value Added or EVA).

The novelty of this research lies not only in its comprehensive ISR operationalization but also in its contextualization within post-pandemic Islamic banking in Indonesia. By situating ISR as a strategic instrument rather than a mere disclosure mechanism, the study advances the discourse on ethical governance and value creation in Islamic finance. The results are expected to inform regulators and policymakers in formulating reporting standards that go beyond compliance, fostering trust, justice, and public welfare consistent with the higher objectives of ***Sharia***. This study aims to answer whether Islamic Social Responsibility (ISR) moderates the relationship between financial performance (FDR, ROA, and CAR) and firm value (EVA) in Indonesian Islamic banks from 2017 to 2021. The article includes an introduction outlining the research context, gaps, and novelty; a literature review and theoretical framework; methodology; results and discussion; and a conclusion highlighting key findings, limitations, and future research directions.

This study's hypothesis was formulated by reviewing and analyzing existing research findings. Based on prior studies and relevant theoretical frameworks, the following hypothesis has been developed: A significant positive correlation exists between higher levels of Financing to Deposit Ratio (FDR) and increased firm valuation, particularly when firms disclose Corporate Social Responsibility (CSR) practices through Islamic Social Reporting. This statement was made by Hanifah (2019) and Zs et al. (2022) Loan To Deposit Ratio (LDR).

H_1: CSR disclosure using ISR moderates and strengthens the effect of FDR on firm value.

ROA is an indicator that describes the efficiency and productivity of assets in generating profits for the company (Kieso et al., 2019). In this context, CSR disclosure using Islamic social reporting plays a vital role in increasing the company's maximum profit and third-party funds (wadi'ah), which expands the customer base and potential revenue. This is the finding of Sulistiyo and Yuliana (2019), Agustin and Annisa (2021), Putra and Sunarto (2021), Tunjungsari and Irkhami (2021), in addition to Aini (2022).

H_2: CSR disclosure using ISR moderates and strengthens the influence of ROA on firm value.

Following the research results of Sulistiyo and Yuliana (2019) with Aini (2022), when the company's capital is adequate and supported by CSR disclosure regarding Islamic Social Reporting, it can provide additional impetus to the increase in firm value.

This is due to the ability of sufficient ***halal*** capital to be allocated to CSR practices, which in turn strengthens the company's image in the eyes of stakeholders and increases the overall value of the company.

H_3: CSR disclosure using ISR moderates and strengthens the influence of CAR on firm value.

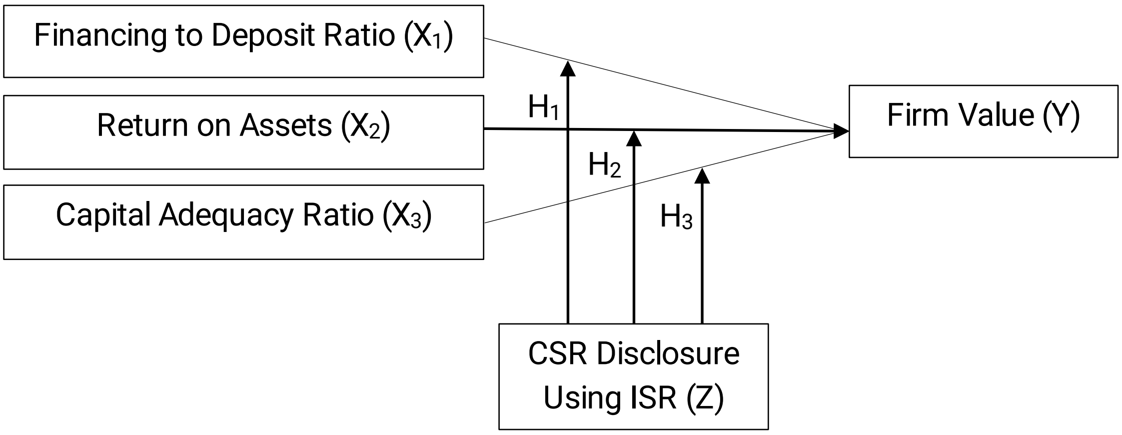

Chart 1. Theoretical Framework
Source: Research Data (2024)

Method

As illustrated in the theoretical framework presented above, this research employs a positivistic method to fulfill scientific criteria that are clear, objective, measurable, rational, and systematic (Samsu, 2017). The primary techniques applied were literature and documentation studies to identify relevant processed data sources. This research involves three types of variables, including the dependent variable, which is firm value (Y), as well as independent variables in the form of Financing to Deposit Ratio (X_1), Return on Assets (X_2), and Capital Adequacy Ratio (X_3), as well as the moderating variable which is Islamic Social Reporting Disclosure (Z). FDR, ROA, CAR, and CSR disclosures are interconnected in assessing financial stability and social responsibility. FDR impacts ROA by reflecting liquidity and credit management, while CAR ensures financial resilience, supporting long-term profitability. CSR disclosures, focused on ethical practices, enhance reputation and can indirectly affect financial performance. These measures provide a comprehensive view of a bank's financial health, stability, and societal impact, highlighting the synergy between economic and ethical performance.

Initially, the population of this study consisted of 13 Islamic Commercial Banks in Indonesia. Still, through a judgment sampling technique, a non-probability sampling technique where participants are selected based on the researcher's specific criteria (with the following criteria: registered with OJK, publishes annual and CSR reports, provides necessary research data, and consistently uses its corporate name, except in mergers), only ten samples of Islamic Commercial Banks were selected to be included in this study over a seven-year period. Therefore, a total of 70 annual reports will be processed and analyzed using the Moderated Regression Analysis Method with the help of statistical software. The variables and formulations used in this study can be further detailed through the information contained in Table 1 below.

Table 1. Variables and Formulations

Variable Type	Variable	Formulas
Independent	FDR	(Financing / Third Party Funds) × 100%
	ROA	(Net Profit Before Tax / Total Assets) × 100%
	CAR	(Capital / Risk Weighted Total Assets) × 100%
Moderation	ISR	(Total Disclosed Items / Total ISR Items) × 100%
Dependent	EVA	Net Operating After Tax – Capital Charges

Source: Some previous research (2024)

Result and Discussion

Descriptive Statistics Test

Table 2. Descriptive Statistics Results

Variable	N	Mean	Std. Deviation
FDR	70	83.1069	19.45352
ROA	70	1.3467	3.88411
CAR	70	25.4886	10.23432
ISR	70	0.7767	0.06491
EVA	70	2.2248E+11	3.18445E+11

***E represents the number 14 in the decimal number system (base 10) in the hexadecimal number system (base 16)**

Source: Data processed (2024)

Table 2 above displays the initial value of the data that has been submitted, including the average and standard deviation of each variable. FDR has an average value of 83.1069 and a standard deviation of 19.45352, ROA 1.3467 and 3.88411, CAR 25.4886 and 10.23432, ISR variables 0.7767 and 0.06491, and EVA variables 222.48 billion and 318.445 billion.

R Determination Coefficient Test (R^2)

George and Mallery (2020) state that the Coefficient R of Determination is used to answer the ability of the independent variable to explain the dependent variable. The Adjusted R Square value is 0.732 or 73.2%. Thus, the independent variables (FDR, ROA, and CAR) and the moderating variable (ISR) only affect the dependent variable (EVA) by 73.2% (see Table 3).

Table 3. Coefficient R^2 Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.86	0.759	0.732	0.75421

Source: Data processed (2024)

Moderated Regression Analysis (MRA)

This study uses Moderated Regression Analysis to answer research problems (see Table 4).

Table 4. Moderated Regression Analysis Results

Coefficents[a]				
Model	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
(Constant)	29.426	2.589	11.3	0.00
In FDR	1.301	2.122	0.64	0.61
In ROA	4.789	0.559	8.41	0.02
In CAR	0.943	2.678	0.35	0.79
In ISR	0.061	0.144	0.43	0.68
In FDR*ISR	1.934	2.647	0.83	0.47
In ROA*ISR	5.649	0.678	7.23	0.03
In CAR*ISR	2.155	3.329	0.54	0.53

Source: Data processed (2024)

Referring to Table 4, the interaction between FDR and ISR, despite yielding a positive coefficient (β = 1.934), fails to achieve statistical significance (p = 0.47), leading us to reject the proposition that ISR disclosures moderate and strengthen the effect of third-party funds on firm value; this suggests that, within our sample, ISR does not yet constitute a sufficiently robust mechanism for enhancing the valuation impact of external funding in Islamic banks. In contrast, the ROA-ISR interaction is both substantively large (β = 5.649) and statistically significant (p = 0.03), thereby confirming that ISR disclosures meaningfully amplify the influence of profitability on firm value and highlighting the tangible benefits of aligning financial performance with social responsibility. Finally, although the CAR-ISR coefficient is also positive (β = 2.155), its lack of significance (p = 0.53) necessitates the rejection of the hypothesis that ISR disclosures moderate and strengthen the effect of capital adequacy on firm value, indicating that, in this context, ISR does not materially alter market perceptions of banks' capitalization strength.

The Role of ISR in the FDR on EVA

This study finds that Islamic Social Reporting (ISR) does not moderate the relationship between the Financing to Deposit Ratio (FDR) and firm value, a result that challenges certain expectations and demands critical reflection. FDR, a key financial ratio, reflects a bank's capacity to manage credit risk and liquidity by comparing its financing activities against its deposit base. It directly influences short-term financial stability and firm value. However, ISR focuses more broadly on ethical governance, environmental management, and social disclosures, and lacks the financial specificity required to directly influence or mediate such technical financial indicators. The findings are consistent with (Rahma & Munfaqiroh, 2021), who argue that ISR, as a form of CSR disclosure, fails to moderate the effect of financial performance, proxied by liquidity, on firm value. This contradicts Hanifah (2019) and Zs et al. (2022), who suggest that CSR disclosure through ISR can serve as a moderating variable. Zs et al. (2022) contend that investor interest is often oriented more toward social disclosures than financial liquidity; however, this study demonstrates that ISR's abstract orientation does not sufficiently engage with the operational risks associated with FDR to function as a meaningful moderator.

Nevertheless, ISR remains significant in shaping the broader strategic positioning of Islamic financial institutions. As a dependent variable, ISR aligns with Islamic ethical principles and contributes to institutional legitimacy and stakeholder trust. Several studies (Khairiyani & Mubyarto, 2019; Budiandru, 2021; Harun et al., 2019) emphasize that Islamic banks adopting ISR practices tend to perform better financially due to their perceived commitment to social welfare and ethical governance. Empirical evidence supports this claim, indicating that ISR enhances perceptions among third-party funders and investors, thereby indirectly increasing firm value (Sikorska, 2020; Bukhari et al., 2020). In such cases, the presence of a proactive Sharia Supervisory Board further reinforces stakeholder confidence by ensuring compliance with ethical and Sharia principles (El Hussein, 2018; Zafar & Sulaiman, 2020).

From a theoretical perspective, ISR is firmly rooted in the ***Maqasid Sharia*** framework, which centers on ***maslahah***, pursuing social welfare and economic justice. Through ISR, firms articulate their commitments to justice, equity, and balance, thereby upholding ethical imperatives and differentiating themselves in competitive markets (Salman, 2022). Yet, this alignment with ***Maqasid Sharia*** does not compensate for ISR's inability to mediate the technical and risk-based relationship between FDR and firm value. These findings hold both immediate and long-term implications. Relying solely on ISR to interpret financial performance, particularly via FDR, may obscure crucial operational insights, undermine investor confidence, and weaken regulatory oversight. Thus, a more integrated disclosure framework that fuses ethical transparency with rigorous financial reporting is essential. Islamic financial institutions must move beyond symbolic adherence to ISR and adopt a balanced approach that addresses ethical values and technical financial realities, enabling more robust governance and sustainable value creation.

The Role of ISR in the ROA on EVA

In contrast to prior findings, this study reveals that Islamic Social Reporting (ISR) significantly moderates the relationship between Return on Assets (ROA) and firm value, thus supporting the second hypothesis. This result underscores the role of ISR as both a strategic and ethical instrument that enhances corporate financial performance through the integration of social and environmental risk management. By disclosing ISR comprehensively, companies can identify and mitigate non-financial risks, thereby reducing operational costs and preventing reputational damage. Such risk management practices contribute to the stability of ROA and positively influence firm value. Transparent ISR reporting further boosts public trust and corporate reputation, attracting consumer and investor support, which ultimately enhances revenue and profitability. Firms demonstrating high ROA but lacking robust ESG practices face vulnerabilities, such as regulatory penalties or reputational crises, that may erode long-term firm value. ISR provides a faith-based framework that integrates ethical and sustainable practices into financial strategy, making it not merely a disclosure mechanism but a core component of internal governance. Its adoption increasingly aligns with institutional investor expectations emphasizing sustainability and ethical performance. This dual function of ISR positions it as a key moderating variable capable of enhancing the impact of ROA on firm value. The findings are in agreement with earlier studies by Sulistiyo and Yuliana (2019), Agustin and Annisa (2021), Putra and Sunarto (2021), Tunjungsari and Irkhami (2021), and Aini (2022), who found that ISR strengthens the positive impact of ROA on firm value. Aini (2022) highlights that ethical disclosures enhance public confidence, encouraging greater investment and thus elevating ROA. Conversely, the study diverges from Nahar et al. (2017), who argue that ISR disclosures remain ineffective in this moderating role due to a lack of standardization, which makes their implementation voluntary rather than obligatory. Recent empirical studies further support the argument that ISR enhances financial performance.

Solihati et al. (2023) assert that Islamic Corporate Social Responsibility (ICSR) is a foundational pillar promoting sustainability and financial health in Islamic commercial banks. Chenini et al. (2021) and Andriyani et al. (2021) report that responsible disclosure significantly bolsters ROA by increasing stakeholder trust and reinforcing institutional legitimacy. Indriastuti and Najihah (2020) add that stronger corporate governance, supported by ISR, correlates with improved financial outcomes. Septian et al. (2022) emphasize the importance of integrating ISR alongside ***zakat*** and liquidity, further strengthening financial performance. Moreover, Salsabilah and Fitri (2023) argue that the effectiveness of ISR on ROA depends on how rigorously it is implemented, while Trilaksono et al. (2021) affirm the synergistic effects of ISR and Islamic corporate governance on bank performance. ***Zakat***, as a key ISR component, also plays a financial role. According to Noegroho et al. (2023), ***zakat*** fosters goodwill and strengthens community relations, contributing to higher ROA. Finally, ISR grounded in the ***Maqasid Sharia*** framework allows firms to align profitability with ethical imperatives such as environmental stewardship, social justice, and fair labor practices. These elements collectively enhance a firm's reputation and long-term financial performance.

The Role of ISR in the CAR on EVA

The findings of this study reveal that Islamic Social Reporting (ISR) does not significantly moderate the relationship between Capital Adequacy Ratio (CAR) and Economic Value Added (EVA). This indicates that ISR disclosures have yet to function as an effective intermediary between CAR and firm value. One plausible explanation is that social reporting practices, including ISR, remain relatively novel in many sectors, particularly within Islamic banking. Thus, their integration into strategic and financial decision-making processes requires further maturation and institutionalization. While ISR offers long-term potential in enhancing reputational capital and stakeholder trust, financial indicators such as CAR are more likely to influence investor perceptions in the short term. CAR is a technical and regulatory financial metric that reflects a bank's ability to absorb losses and maintain solvency, especially during financial distress.

Conversely, ISR focuses on ethical, social, and environmental disclosures that, while crucial for sustainability and public trust, do not directly reflect a bank's capital adequacy or financial resilience. For instance, a bank might demonstrate strong ISR performance through community engagement and environmental initiatives, which does not necessarily imply robust capital reserves or compliance with prudential regulations. These results are consistent with previous research by Tunjungsari and Irkhami (2021), who also found that ISR could not moderate the relationship between CAR and firm value. Their study suggests that other, more directly related variables might serve as more effective moderators in this context, though these were not explicitly identified. In contrast, studies by Sulistiyo and Yuliana (2019) and Aini (2022) argue that ISR can indeed moderate this relationship, as disclosure of Islamic social responsibility is believed to enhance investor trust and, consequently, capital inflows and firm value.

The divergence in findings indicates that the effect of ISR on firm value may be contingent upon contextual factors such as institutional maturity, stakeholder expectations, and the comprehensiveness of ISR implementation. Further empirical studies have provided nuanced insights into the ISR–CAR–firm value nexus. For instance, Salim and Susilowati (2020) found that high capital adequacy strengthens investor confidence and positively impacts firm value. Meanwhile, Andriyani et al. (2021) highlight that Islamic Corporate Social Responsibility (ICSR), corporate governance, and zakat collectively contribute to improved financial performance, both directly and indirectly. These elements appear to function synergistically in supporting Islamic financial institutions' ethical and financial goals. Moreover, studies by Nurdyanzah et al. (2023), Khusna and Pertiwi (2024), and Agustina (2020) emphasize that banks with active ISR engagement are perceived more favorably by stakeholders, thereby potentially improving CAR and overall performance.

Within the Islamic worldview, financial indicators such as CAR are not merely technical metrics but are viewed as part of the ***amanah*** (trust) bestowed by Allah SWT to protect stakeholder interests and fulfill social responsibilities. Adequate capital fulfills obligations to society, employees, and the environment. However, ISR, as a reporting and strategic framework, has yet to consistently reflect this depth of integration, thus requiring further development in both theory and practice. The results of this study suggest a potential misalignment in corporate strategy, where firms may overemphasize ISR in pursuit of reputational gains without adequately addressing core financial metrics such as CAR.

This imbalance may lead to a false sense of financial security and investor confidence, primarily if ISR efforts are not supported by strong financial fundamentals. In times of market volatility, such misalignment can erode trust, reduce market valuation, and jeopardize long-term sustainability. Therefore, while ISR holds substantial value for long-term ethical and social objectives, its role as a moderator between CAR and firm value remains limited and context-dependent. Future research should explore complementary variables and frameworks that better capture the interplay between financial resilience and ethical corporate behavior in Islamic financial institutions.

Conclusion

From the perspective of the Islamic worldview and Maqasid Sharia, Islamic Social Reporting (ISR), although limited in moderating the relationship between specific financial indicators such as CAR and FDR with firm value, still holds strategic importance. ISR has shown a moderating effect only on the relationship between ROA and firm value. ISR plays a vital role in aligning corporate practices with Sharia's ethical and social objectives, particularly the principles of justice, social welfare (maslahah), and harm avoidance (mafsadah). The integration of ISR into corporate strategies strengthens stakeholder trust, especially among customers, regulators, and the broader community, thereby enhancing the reputation and sustainability of Islamic banks. ISR also supports transparency, ethical conduct, and social responsibility—factors that contribute positively to long-term financial performance and organizational resilience. Within the framework of ***Maqasid Sharia***, ISR is not merely a compliance tool but a reflection of corporate ***amanah*** (trust) and accountability toward Allah SWT and society.

However, this study acknowledges two limitations. First, the absence of a standardized ISR framework has resulted in inconsistent disclosure practices, making cross-institutional comparisons difficult. Second, the rejection of two hypotheses may be influenced by the inclusion of Bank Syariah Indonesia (BSI) data that span both pre- and post-merger periods, which may distort the findings. Future research should adopt more refined data treatments and expand the sample to include a broader range of Islamic financial institutions—such as Islamic Business Units (UUS), Sharia Rural Banks (BPRS), and non-bank Islamic financial entities—to capture a more comprehensive and representative understanding of the relationship between ISR, financial performance, and firm value in the Islamic finance industry.

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