The Role of the Shariah Supervisory Board in Islamic Social Reporting Disclosure

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Abstract: *Islamic Social Reporting (ISR) is a concept of social responsibility based on Islamic principles, assisting Islamic banks in enhancing transparency, accountability, and stakeholder relations. ISR encourages Islamic banks to increase their sustainable social responsibility and promote Islamic ethics in business practices. This study aims to analyze the impact of Sharia Supervisory Board (SSB) characteristics on ISR disclosure in Islamic banks in Indonesia. The analysis utilizes the unbalanced panel fixed effect model method and involves 15 Islamic banks from 2017 to 2021. The findings confirm that cross-member, expertise, and turnover of SSB have a significant positive effect. In contrast, the size, education level, and remuneration of SSB do not affect ISR disclosure.*

Keywords: SSB, ISR disclosure, Islamic banks, unbalance panel, Indonesia

1. Introduction

Companies ' operational activities often trigger various social issues, including environmental damage, disruptions to the well-being of communities around the company, and land disputes. The problems arising from these corporate operational activities need to be minimized or eliminated (Siregar, 2016). In addition to negative impacts, corporate activities can also have positive effects on the social and economic aspects of the surrounding community where the company operates. Efforts to minimize negative impacts and enhance positive impacts on stakeholders form the basis of Corporate Social Responsibility (CSR) (Widagdya, 2014).

The concept of CSR is not limited to conventional economics but has also evolved in Islamic economics, particularly in Islamic financial institutions such as banks (Herawati et al., 2019). In conventional economics, CSR is guided by the Global Reporting Initiative (GRI) index. However, the GRI index is considered incomplete in adhering to Shariah principles, necessitating the creation of another indicator adopting Shariah principles. Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) created the ISR index, serving as a benchmark for social responsibility in Islamic banks (Milenia & Syafei, 2021).

Islamic communities view ISR as crucial because CSR disclosure not only involves social activities but also includes information on adherence to Shariah principles in company operational activities. This distinguishes ISR from CSR, with ISR focusing on ethics during business processes, while CSR leans more toward philanthropic programs (Siregar, 2016). Islam emphasizes honesty and integrity in generating funds rather than the quantity of funds donated. Social responsibility, from an Islamic perspective, prioritizes justice and the *maslahah* (Dewindaru et al., 2019).

Chapra and Ahmed (2002) argue that depositors face higher risks in Islamic banks compared to conventional banks due to the profit-sharing contracts they employ. One function of ISR disclosure in Islamic banking is to ensure justice principles are met, and benefits accrue to Islamic banks, depositors, and the general public (Adiono & Sholihin, 2014).

Despite the rapid growth of Islamic banks, current ISR disclosure practices in Islamic banks do not align with this growth. ISR disclosure in Islamic banks is relatively lower compared to social performance reporting in conventional banks (Dewindaru et al., 2019). Aribi and Gao (2011) assert that conventional financial institutions outperform Islamic financial institutions in disclosing social responsibility scores. Santoso and Dhiyaul-haq (2017) reveal that the average ISR disclosure rate in Indonesian Islamic banks is only 46.39%. Similar results were found by Pratama et al. 2018), indicating an average ISR disclosure rate of 50% in Islamic banks (Mukhibad, 2018). This discrepancy is attributed to the absence of standardized regulations governing ISR disclosure in Indonesia, resulting in varying ISR disclosures among Islamic banks.

The lack of standardized ISR regulations in Indonesia has led national Islamic banks to adopt ISR disclosure standards from other countries, such as Malaysia, which has established standardized ISR disclosure regulations (Herawati et al., 2019). ISR was initially proposed by Haniffa and Cooke (2002) and Othman and Thani (2010), who developed six ISR disclosure indices regulated by AAOIFI, covering financial & investment, products and services, employees, community, environment, and corporate governance. The ISR index measures the implementation of social responsibility by Islamic banks and compiles indicators from standard CSR regulated by AAIOFI (Herawati et al., 2019).

The SSB plays a crucial role in ISR disclosure. Shariah-based companies must have a body or entity overseeing all business activities to ensure continuous compliance with Shariah regulations. The SSB is authorized to supervise these activities (Muhfiatun et al., 2022). The importance of the SSB in the sustainability of a company led to government regulations, such as Law No. 21 of 2008 on Islamic banking, which explicitly outlines the presence and scope of SSB duties, providing legal enforceability (Haniah, 2009). Ajili & Bouri (2018) state that a high-quality SSB can influence Islamic banks to comply with financial and social disclosure requirements, providing stakeholders with accurate information about the bank's current situation.

Inconsistent results regarding SSB characteristics have been found in previous research. El-Halaby & Hussainey (2016) found that the size, cross-membership, and reputation of the SSB positively influence ISR disclosure. Ibrahim et al. (2015) also reported positive effects of size, cross-membership, secular qualifications, and SSB reputation on ISR disclosure. However, Prihatiningsih and Hayati (2021) explained that DPS size has a positive influence on ISR disclosure. Ridwan and Mayapada (2022) found that the size, educational background, and reputation of the SSB do not affect ISR disclosure. This aligns with the findings of Nugraheni and Khasanah (2019) and Hajawiyah et al. (2019), indicating that the size and qualifications of the SSB do not significantly affect ISR disclosure.

This research explores the integration of ISR within the domain of Islamic banking, focusing on Indonesian Islamic banks. A key emphasis is placed on the characteristics of the SSB and their influence on ISR disclosure practices. The study adopts the ISR index formulated by the AAOIFI, providing a unique benchmark aligned with Islamic principles. Distinguishing between CSR and ISR from an Islamic standpoint, the research delves into the ethical dimensions of ISR that go beyond conventional CSR practices. Unlike prior studies, this research conducts a nuanced examination of the impact of SSB characteristics, including size, educational background, and reputation, on ISR disclosure. The study is contextualized within the Indonesian Islamic banking landscape, addressing practical challenges and aiming to contribute to improved ISR practices. The research's novelty lies in its comprehensive exploration of ISR within the Islamic financial sector, offering insights into governance, ethical considerations, and the specific dynamics of the Indonesian context.

2. Literature Review

Agency theory explains the importance of company owners entrusting the management of their business to professionals (referred to as agents) to run the business. The Sharia Supervisory Board (SSB), as the overseer of Sharia compliance in Islamic banks, plays a crucial role in minimizing agency conflicts. The SSB ensures that all bank activities adhere to Sharia principles, and information about the bank's activities conveyed to the public through annual reports undergoes SSB supervision to avoid agency conflicts (Mir'atun et al., 2019). According to agency theory, providing appropriate remuneration to the SSB is expected to enhance the motivation of the SSB, thus preventing agency conflicts (Mnif & Tahari, 2021).

Resource dependence theory is based on the idea that the SSB, through its function as an overseer of Sharia compliance, can provide advice and input to company management. These suggestions and inputs bridge the gap between experience and expertise, also facilitating better access to resources outside the company and influencing strategic decisions (Salancik & Pfeffer, 1978). The SSB provides resources that can influence the bank's ability to comply with basic governance requirements to effectively carry out its fiduciary duties (Farag et al., 2018; Yadiati et al., 2022). The education, expertise, and reputation of SSB members are inherent human resources that SSB members bring into the company. Cross-membership and turnover of SSB members present experiences considered human resources that can be brought by SSB members into the company, maximizing SSB performance (Sueb et al., 2022).

3. Hypothesis Development

According to Khoirudin (2013), the size of the SSB refers to the number of SSB members serving in an Islamic bank. The stakeholder theory assumes that a larger size of the SSB with diverse perspectives and experiences is expected to encourage better Islamic Social Reporting (ISR) disclosure and provide a closer insight to stakeholders on corporate reporting, including ISR disclosure aspects (Abdullah et al., 2013). The findings of studies conducted by El-Halaby and Hussainey (2016), Mokoginta et al. (2018), Milenia and Syafei (2021), and Dahlifah and Sunarsih (2020) state that the composition of the number of SSB members has a positive effect on ISR disclosure. The conclusion is that the more SSB members there are, the more optimal the supervision of Sharia compliance. The first hypothesis is formulated as follows:

H1: The size of the SSB has a positive effect on ISR disclosure.

The level of education is one of the factors influencing ISR disclosure. Education and skills can enhance employee productivity and improve individual work quality. The Resource Dependence Theory (RDT) explains that the role of the SSB in a company is as a resource for the company. The RDT perspective considers that a high-quality SSB will enhance the competitiveness of the company (Gabrielsson & Huse, 2005). SSB members with a high level of education in relevant fields will undoubtedly possess knowledge of Islamic banking and finance. The research results of Mukhibad (2018), Setiawan et al. (2018), Almutairi & Quttainah (2017), and Prasojo et al. (2022) show that the level of education of the SSB has an impact consistent with the level of ISR disclosure. The second hypothesis is formulated as follows:

H2: The level of education of the SSB has a positive effect on ISR disclosure.

Cross-membership is a condition in which the SSB holds positions in the same capacity in other Islamic banks. This condition allows SSB members to gain more experience and compare best practices among Islamic banks (Abdullah et al., 2013). The Resource Dependence Theory assumes that the SSB provides resources for the company because, in its duties, it can obtain information from the external environment. Thus, interconnected SSB members are considered a source of information about the activities and policies of other companies (Haniffa & Hudaib, 2007). Previous research conducted by Abdullah et al. (2013), El-Halaby andHussainey (2016), and Nomran et al. (2018) stated that cross-membership of the SSB has a positive effect on ISR disclosure in Islamic banking. The third hypothesis is formulated as follows:

H3: Cross-membership of the SSB has a positive effect on ISR disclosure.

OJK Regulation No. 16/POJK.03/2022 Year 2022 on Sharia Commercial Banks Article 60b states that the Sharia Supervisory Board (SSB) must have competence in the fields of muamalah (Islamic transactions), banking, and finance. The Resource Dependence Theory assumes that organizations must engage in exchanges and transactions with other entities for various resources (Yadiati et al., 2022). Prasojo et al. (2023) state that the SSB, as a resource in the company, plays an equally important role as the audit committee and external auditor. The SSB must review all contracts, agreements, products, and financial activities, ensuring their compliance with Islamic rules and principles. SSB members with expertise in finance and accounting can fulfill their responsibilities more effectively than those without such expertise. This view is supported by Rahman and Bukair (2015), Mukhibad (2018), Almutairi and Quttainah (2017), Dewindaru et al. (2019), Mnif and Tahari (2021), suggesting that SSB expertise has a proven positive impact on the level of ISR disclosure in Islamic banks. The fourth hypothesis is formulated as follows:

H4: SSB expertise has a positive effect on ISR disclosure.

Agency theory explains the relationship between remuneration for agents (directors) and its benefits for principals (shareholders). High remuneration can serve as motivation for the SSB to work hard to provide the best for shareholders. The remuneration paid to SSB members is expected to enhance their efforts, thereby improving the quality of their work. Remuneration aligned with performance helps prevent conflicts of interest within a company (Mnif & Tahari, 2021). Previous research by Mnif and Tahari (2021) stated that SSB remuneration has a positive impact on ISR disclosure. The fifth hypothesis is formulated as follows:

H5: SSB remuneration has a positive effect on ISR disclosure.

Member turnover in the SSB refers to the replacement of new members within the SSB composition (Taufik, 2022). Resource Dependence Theory assumes that the SSB composition is considered a resource for the company. A changing SSB composition provides the company with the opportunity to interact with the surrounding environment, enabling the company to access more resources (Nomran et al., 2018b). Member turnover in the SSB is believed to provide better resources as it is thought to bring a higher level of experience and knowledge (Ali et al., 2022). Previous research by Alipour et al. (2019, Farooq et al. (2023), Jan et al. (2021), and Nomran et al. (2018a) suggests that member turnover in the SSB affects ISR disclosure. The sixth hypothesis is formulated as follows:

H6: Member turnover in the SSB has a positive effect on ISR disclosure.

4. Methodology

4.1 Sample and Data

This research utilizes a quantitative approach, employing secondary data from Islamic banks spanning the years 2017 to 2021. The sample comprises 15 Islamic banks with 68 observers, as detailed in Table 1, based on annual reports and data completeness. Hypothesis testing involves the use of the fixed effect model panel data regression, with prior assessments for multicollinearity and heteroscedasticity. The study adopts an unbalanced panel data methodology due to the unavailability of some annual reports and mergers occurring between Bank Syariah Mandiri, BNI Syariah, and BRI Syariah, resulting in the formation of BSI in 2021. Additionally, Chow and Hausman tests are conducted to identify the appropriate effects in the panel data regression.

Table 1. List of sample Islamic Bank

No	Bank Name
1	Bank Aceh Syariah
2	Bank Aladin Syariah
3	Bank Jabar Banten Syariah
4	Bank Mega Syariah
5	Bank Muamalat Indonesia
6	Bank Panin Dubai Syariah

No	Bank Name
7	Bank Syariah Bukopin
8	Bank Syariah Indonesia
9	Bank Syariah Mandiri
10	Bank Tabungan Pensiunan Nasional Syariah
11	Bank Victoria Syariah
12	BCA Syariah
13	BNI Syariah
14	BPD Nusa Tenggara Barat Syariah
15	BRI Syariah

4.2 Measurement of Variables

This study examines the relationship between Sharia Supervisory Board (SSB) characteristics and Islamic Social Reporting (ISR) disclosure. The independent variables representing SSB characteristics include SSB size, SSB education level, SSB cross-membership, SSB expertise, SSB remuneration, and SSB composition changes. The control variables in this research consist of bank size, ROA, and ROE. The regression equation for this study is as follows:

$$ISR = a + \beta_1 SSB\_size_{it} + \beta_2 SSB\_edu_{it} + \beta_3 SSB\_cros_{it} + \beta_4 SSB\_exp_{it} + \beta_5 SSB\_rem_{it} + \beta_6 SSB\_chg_{it} + \beta_7 SIZE_{it} + \beta_8 ROA_{it} + \beta_9 ROE_{it} + e_{it}$$

In the regression equation, the constant (a) represents the intercept, while the β coefficients denote the regression coefficients for each variable. The ISR term signifies the percentage of disclosed items relative to the maximum score of ISR disclosure, calculated as (score of disclosed items)/(maximum score of ISR disclosure) x 100%. The SSB characteristics include SSB_size for SSB size, indicating the total number of members in the Sharia Supervisory Board (SSB). SSB_edu represents the SSB education level, expressed as the percentage of SSB members holding a doctoral degree. Meanwhile, SSB_cros signifies SSB cross-membership, denoting the percentage of SSB members serving in more than one Islamic bank. The variable SSB_exp represents SSB expertise, indicating the percentage of SSB members with expertise in finance and accounting in Islamic banks. SSB_rem is associated with SSB remuneration, signifying the natural logarithm of the total remuneration of SSB members. Additionally, SSB_chg serves as a dummy variable, taking a value of 1 in the presence of a change in the SSB composition and 0 otherwise. Size denotes the natural logarithm of total assets, and ROA and ROE represent financial ratios calculated as (Net income)/(Total assets) x 100% and (Net income)/(Equity) x 100%, respectively. The residual component (e) captures unobserved factors influencing the dependent variable. The indices i and t denote entities and periods, respectively.

5. Results and Discussion

5.1 Descriptive Statistics

The results of Islamic Social Reporting (ISR) disclosure were obtained through content analysis processes for 15 Islamic banks in Indonesia during the period from 2017 to 2021. Here in the table 2 is a list of the top three Islamic banks with the highest ISR index:

Table 2. ISR Disclosure Top Performers of Islamic Bank in 2017-2021

Year	1st	2nd	3rd
2017	Bank Muamalat Indonesia (85%)	Bank Mandiri Syariah (83%)	BNI Syariah (80%)
2018	Bank Muamalat Indonesia (83%) and Bank Mandiri Syariah (83%)	BNI Syariah (80%)	BRi Syariah (78%)

Year	1st	2nd	3rd
2019	Bank Muamalat Indonesia (87%)	BNI Syariah (85%)	Bank Mandiri Syariah (80%) and BRI Syariah (80%)
2020	Bank Muamalat Indonesia (87%)	BNI Syariah (83%) and Bank Syariah Bukopin (83%)	BRI Syariah (82%)
2021	Bank Muamalat Indonesia (82%)	Bank Aceh Syariah (78%) and BPD NTB Syariah (78%)	BSI (77%) and Bank Mega Syariah (77%)

The analysis of Islamic Social Responsibility (ISR) disclosure among Islamic banks from 2017 to 2021 reveals notable variations. The top-performing banks consistently include Bank Muamalat Indonesia, Bank Mandiri Syariah, and BNI Syariah, showcasing robust ISR practices. These banks consistently score high, reflecting their commitment to transparent reporting on social and ethical aspects.

Tabel 3. The Three Lowest ISR Disclosures of Islamic Banks in 2017-2021

Year	1st	2nd	3rd
2017	Bank Victoria Syariah (48%)	Bank Aladin Syariah (52%)	Bank Syariah Bukopin (62%) and BTPN Syariah (62%)
2018	Bank Victoria Syariah (52%)	Bank Aladin Syariah (55%)	BTPN Syariah (63%)
2019	Bank Victoria Syariah (52%)	Bank Aladin Syariah (55%)	BTPN Syariah (63%)
2020	Bank Victoria Syariah (53%)	Bank Aladin Syariah (63%)	BTPN Syariah (67%)
2021	Bank Syariah Bukopin (57%)	Bank Aladin Syariah (58%)	Bank Victoria Syariah (68%)

On the contrary, the bottom performers, such as Bank Victoria Syariah, Bank Aladin Syariah, and BTPN Syariah, exhibit lower ISR disclosure scores. This suggests potential areas for improvement in their communication of social responsibility initiatives. The fluctuating scores among these banks across the years underscore the dynamic nature of their ISR practices.

The findings highlight the importance of consistent and comprehensive ISR reporting, as it not only demonstrates a bank's commitment to ethical practices but also provides stakeholders with valuable information. Factors influencing ISR disclosure, including the characteristics of the Sharia Supervisory Board (SSB), such as size, education, cross-membership, expertise, remuneration, and changes in composition, can significantly impact a bank's ISR practices. Overall, these insights contribute to understanding the landscape of ISR disclosure in Islamic banks, emphasizing the need for continuous evaluation and improvement in aligning business practices with ethical and Sharia principles.

The sample for this study consists of 15 Islamic banks observed over the period from 2017 to 2021, resulting in a total of 68 observations. The following table 4 presents the descriptive statistics for the variables used in the research.

Table 4. Descriptive Statistics

	Min.	Max.	Mean	Std. Dev.
ISR	0.480000	0.870000	0.716176	0.096692
SSB_size	2.000000	4.000000	2.220588	0.452046
SSB_edu	0.000000	1.000000	0.578382	0.356905
SSB_cros	0.000000	1.000000	0.791765	0.337568
SSB_exp	0.000000	1.000000	0.435147	0.268092
SSB_rem	4.150252	8.242988	6.441446	0.691350
SSB_chg	0.000000	1.000000	0.191176	0.396151

	Min.	Max.	Mean	Std. Dev.
SIZE	13.40000	19.40000	16.27353	1.225830
ROA	-0.1123	0.108000	0.007410	0.034250
ROE	-3.5334	0.297200	-0.006624	0.451564

Table 4 provides descriptive statistics for the ISR variable, the focal point of this study. The standard deviation is 0.096692, reflecting the variability in ISR scores. Descriptive statistics reveal the mean ISR value is 0.716176, indicating a moderate level of disclosure across the sample. The top-performing banks include Bank Muamalat, Bank Mandiri Syariah, and BNI Syariah, which consistently secure high ISR scores. Conversely, Bank Victoria Syariah, Bank Aladin Syariah, and BTPN Syariah demonstrate the lowest ISR scores.

SSB size exhibits diversity, ranging from 2 to 4, with Bank Syariah Indonesia (BSI) having the maximum in 2021. Education levels vary, with some banks having 100% educated SSB members. Cross-membership and expertise also show diversity, reflecting the composition of SSB in different banks. Remuneration ranges from 4.1500252 to 8.242988, indicating variations in the compensation of SSB members. Member turnover is observed to happen up to twice during the study period.

Control variables indicate diversity in bank size, ROA, and ROE, underscoring the unique features of each institution. The study employs fixed effect panel data regression to test hypotheses related to the impact of DPS characteristics on ISR disclosure. In conclusion, the findings shed light on the dynamics of ISR disclosure among Shariah-compliant banks in Indonesia. The nuanced analysis of SSB characteristics and control variables contributes to a comprehensive understanding of the factors influencing disclosure practices. This research provides valuable insights for regulators, practitioners, and stakeholders seeking to enhance transparency and accountability in the Islamic banking sector.

5.2 Classic Assumptions Test

Classic assumption testing includes tests for multicollinearity and heteroskedasticity. The following are the results of the classical assumptions testing conducted:

Table 5. Multicollinearity Test Results

	SSB_size	SSB_edu	SSB_cros	SSB_exp	SSB_rem	SSB_chg	SIZE	ROA	ROE
SSB_size	1.000000								
SSB_edu	0.245547	1.000000							
SSB_cros	0.045338	0.076794	1.000000						
SSB_exp	0.284837	0.016654	0.241791	1.000000					
SSB_rem	0.398163	0.141473	0.312584	0.336870	1.000000				
SSB-chg	0.261067	-0.072730	-0.143189	0.094592	0.048659	1.000000			
SIZE	0.459157	0.052574	0.188680	0.224532	0.538639	0.230639	1.000000		
ROA	-0.057797	-0.203949	0.053080	0.135873	0.064509	-0.011367	0.074427	1.000000	
ROE	0.053336	0.017418	-0.057181	0.209764	0.072589	0.077311	0.095290	0.604295	1.000000

Source: data processed, 2023

Based on the results of the multicollinearity test conducted, Table 5 indicates that the correlation values among variables are less than 0.90. The conclusion that can be drawn is that the relationships among the independent variables used in this research do not exhibit symptoms or issues of multicollinearity.

Table 6. Heteroskedasticity Test Results

Variable	Prob.	Result
SSB_size	0.5704	Free from Heteroskedasticity
SSB_edu	0.7445	Free from Heteroskedasticity
SSB_cros	0.8112	Free from Heteroskedasticity

Variable	Prob.	Result
SSB_exp	0.9968	Free from Heteroskedasticity
SSB_rem	0.6816	Free from Heteroskedasticity
SSB-chg	0.7489	Free from Heteroskedasticity
SIZE	0.2892	Free from Heteroskedasticity
ROA	0.8772	Free from Heteroskedasticity
ROE	0.6403	Free from Heteroskedasticity

Table 6 shows the results of the heteroskedasticity test in this study. The probability values for the independent variables and control variables are above 0.05. These results indicate that all independent variables and control variables are free from heteroskedasticity issues.

5.3 Discussion

The hypothesis testing results indicate that the size of the DPS variable does not significantly influence ISR disclosure (significance 0.87 > 0.05). This finding aligns with Herawati et al. (2019) and Dewindaru et al. (2019), which demonstrated that the number of SSB members does not guarantee better ISR disclosure. The research suggests that the quantity of SSB does not exert a significant influence compared to the individual quality possessed by each SSB. Ridwan and Mayapada (2022) state that the size of the SSB does not affect ISR disclosure. This is because SSB, in its role, focuses more on overseeing Sharia compliance in the products and operational activities of the company rather than on ISR disclosure. The mechanism of SSB is limited to ensuring Sharia compliance in products or contracts and is not directly related to management decisions regarding ISR disclosure. The number of SSBs in Islamic banks in Indonesia is not as high as in other countries. On average, there are only 2 SSB in one Islamic bank. Most Islamic banks have SSB members at the minimum limit set in Law No. 21 of 2008 concerning Islamic Banking, which is two people. This occurs because Islamic bank management avoids the high costs associated with having many SSB members, thus rendering the size of SSB ineffective in influencing ISR disclosure.

The level of education of SSB does not significantly affect ISR disclosure (significance 0.15 > 0.05), consistent with the findings of Dewindaru et al. (2019), which reported no significant influence between the level of education of SSB and ISR disclosure. This outcome is attributed to the predominance of Sharia experts and academics with doctoral qualifications among SSB members from 2012 to 2017. The study suggests a demand for doctoral qualifications in additional competencies such as economics or fiqh. Nomran et al. (2017, 2018a) also argue for more doctoral qualifications in various fields due to negative influences contrasting with hypotheses. The impact of the education level of SSB on ISR is influenced by other aspects of education, such as the linearity of the education pursued by SSBs as Sharia supervisors in Islamic financial institutions. Moreover, there is a need for a more equitable distribution of competency fields among SSB members in an Islamic bank to prevent domination by a single competency field. The competency fields possessed must align linearly with the tasks and responsibilities of SSB in efforts to maximize supervision

Table 6. Hypothesis Testing Results

Variable	Prediction	Coefficient	Std Error	Prob	Decision
Constant		0. 466348	0.274915	0.0969	
SSB_size	+	-0.003974	0.024761	0.8732	Rejected
SSB_edu	+	-0.086132	0.059911	0.1576	Rejected
SSB_cros	+	0.121632	0.032765	0.0006	Accepted
SSB_exp	+	0.143858	0.064798	0.0316	Accepted
SSB_rem	+	0.021000	0.020426	0.3095	Rejected

Variable	Prediction	Coefficient	Std Error	Prob	Decision
SSB-chg	+	0.048223	0.017301	0.0078	Accepted
SIZE		0.000243	0.016370	0.9882	
ROA		0.160111	0.264339	0.5478	
ROE		0.010623	0.017509	0.5472	
Adjust R2				0.788	
F stat				0,000	

Cross-membership of SSB has been proven to have a positive impact on ISR disclosure (significance 0.00 < 0.05). This finding is consistent with Wijayanti and Setiawan (2022), El-Halaby and Hussainey (2016), and Abdullah et al. (2013). Cross-member SSB enhances ISR disclosure by facilitating comparisons between ISR disclosure practices among different banks. It fosters discussions among SSB members, thereby improving the effectiveness of SSB activities. These discussions offer diverse perspectives and experiences, particularly regarding Sharia-compliant transparency practices in ISR disclosure.

Moreover, cross-member SSB provides more perspectives to other SSB members, enabling them to compare best practices in Islamic banks. This research aligns with the resource dependence theory, stating that companies depend on the environment to ensure a flow of resources for their sustainability. Cross-member SSB presents an experience considered as a resource and can be brought into the company for its sustainability. If cross-member SSB within a company is high, it automatically enhances the performance of SSB in overseeing Sharia compliance, thus maximizing ISR disclosure.

The expertise of SSB shows a significantly positive influence on ISR disclosure (significance 0.03 < 0.05). This result is consistent with Dewindaru et al. (2019); Mnif and Tahari (2021); Noordin & Kassim (2019). SSB, with expertise in finance, produces a more effective monitoring system due to understanding the importance of disclosing social performance to stakeholders. The significance of the expertise variable in this study indicates that SSB with expertise in accounting and finance will drive better ISR disclosure. This is likely because SSB with a background or expertise in accounting and finance better understands these areas, influencing SSB performance. SSB, with expertise in accounting and finance, comprehends the importance of accountability to all stakeholders. Consequently, during Sharia review processes, SSB can guide managers in making full disclosures. This research aligns with the resource dependence theory, which considers SSB expertise as an inherent human resource that, when managed well, enhances the performance of Islamic banks.

Remuneration of SSB does not have an impact on ISR disclosure (significance 0.30 > 0.05). This result supports the findings of (Muhammad et al. 2021); Garas (2005). SSB performance should not depend on their remuneration. SSB is responsible for Sharia compliance opinions based on the Quran and hadith, so SSB remuneration is not directly related to ISR disclosure. ISR will be disclosed regardless of whether SSB remuneration is high or low. Replacement of SSB members shows a positive relationship with ISR disclosure (significance 0.00 < 0.05). This result complements the findings of Taufik (2022) and Alman (2012). The replacement of SSB members will benefit the company. Changes in SSB composition indicate that the company continues to seek the best potential to enter the company. The replacement of SSB members provides an opportunity for Islamic banks to reach a broader and better resource base, enabling competent SSBs to drive maximum ISR disclosure. The replacement of SSB members is also an opportunity for the company to improve the composition of SSB and obtain competent SSB to carry out their responsibilities. The replacement of SSB members in the current period can enhance ISR disclosure. This result aligns with the resource dependence theory, which states that SSB composition is assumed to be a primary resource factor in maintaining the company's sustainability.

Control variables such as bank size do not significantly impact ISR. This finding is consistent with Noordin and Kassim (2019) and Lestari (2016). Bank size does not affect ISR because total assets are not the main resource in disclosing ISR. Return on assets (ROA) and return on equity (ROE) do not significantly impact ISR. This finding supports the opinions of Ridwan and Mayapada (2022) and Herawati et al. (2019).

6. Conclusion

This research proves that cross-membership of SSB, expertise of SSB, and replacement of SSB members have a positive impact on ISR. The size of the SSB, the educational level of the SSB, and the remuneration of the SSB do not affect ISR disclosure. Cross-membership of SSB, expertise of SSB, and replacement of SSB members result in SSB members having additional knowledge due to their positions in other Islamic financial institutions in similar roles. SSB with cross-membership can provide a better experience, SSB with expertise in finance and accounting will better understand the mechanisms of the banking world, and the turnover of SSB membership provides companies with the opportunity to reach better resources. The performance of SSB will be better due to increased supervision of bank operational activities, thereby encouraging more ISR disclosure. This research aligns with the resource dependence theory, stating that SSB, as a company resource, supports higher ISR disclosure. Islamic banks achieve higher ISR disclosure because they have obligations to Sharia compliance while also achieving good financial performance. SSB, as one of the instruments of Sharia governance, supports ISR disclosure through its role as a supervisor of Sharia compliance. Furthermore, the research underscored the importance of consistent and comprehensive ISR reporting, not only as a demonstration of a bank's commitment to ethical practices but also as a valuable source of information for stakeholders. Factors influencing ISR disclosure, particularly the characteristics of SSB, were identified as significant contributors to a bank's ISR practices.

This research provides valuable insights into the understanding of Islamic Social Reporting (ISR) disclosure in Islamic banks, underscoring the necessity for continuous evaluation and improvement to align business practices with ethical and Sharia principles. While the study centers on Islamic banks in Indonesia, its implications have the potential to extend to similar entities on a global scale. Subsequent research endeavors could broaden their scope to encompass non-bank Sharia entities and explore additional components of Sharia governance, fostering a more comprehensive understanding of the subject matter.

These findings contribute significantly to the existing literature on resource dependence theory, highlighting the pivotal role played by Sharia Supervisory Board (SSB) resources in supporting ISR disclosure. Moreover, this empirical evidence builds upon previous research by establishing connections between SSB characteristics and ISR disclosure.

However, it is imperative to acknowledge the limitations of this study. It is confined to Islamic banks in Indonesia, thereby restricting its generalizability to samples with similar characteristics. Future researchers are encouraged to expand the sample size to include non-bank companies classified as Sharia entities. Additionally, it is crucial to note that this study only delves into one component of Sharia governance, namely SSB. Subsequent studies should contemplate exploring other facets, such as ownership structure and board characteristics, to provide a more comprehensive understanding of the dynamics at play.

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