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EFFECT OF SHARIA COMPLIANCE ON SUSTAINABILITY REPORT DISCLOSURE ON JAKARTA ISLAMIC INDEX

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Abstract

This study aimed to analyze the effect of Sharia compliance on sustainability report disclosure companies listed on the Jakarta Islamic Index (JII). The sample of this study was selected from as many as 30 companies using a purposive method with the criteria of being listed on the Jakarta Islamic Index, applying the principles of Sharia compliance, and publishing sustainability reports in 2022, whose reports can be downloaded through the company's official website. This research data comes from secondary data. The two indicators of Sharia compliance used are the ratio of interest-bearing debt to total assets and the ratio of non-halal income to total income. The hypothesis testing method used is simple regression analysis. This study's results indicate a negative and significant influence on one aspect of Sharia compliance with sustainability report disclosure. The ratio of non-halal income to total income has a significance value of less than 0.05
Keywords: Sharia Compliance, Sustainability Disclosure

INTRODUCTION

The development of the Islamic capital market in Indonesia is currently relatively rapid (Nurhisam et al., 2016). This is reflected in the number of sharia-based investment instruments traded in the capital market in the form of sukuk, mutual funds, stocks, and so on. Shares are one of the instruments traded in the capital market and are in demand by Muslim investors due to their Islamic principles and the ability to generate high returns through dividends and capital gains. One of the Islamic stock indices in Indonesia is the Jakarta Islamic Index (JII). JII is also the first Islamic stock index in Indonesia.

One of the legal aspects in the Islamic finance industry is the regulation of sharia compliance. It is important for the Islamic financial industry in terms of management and operations. This is supported by requiring the existence of a Sharia Supervisory Board (DPS) for every sharia-based financial institution. The Sharia Supervisory Board (DPS) is tasked with overseeing the application of the contract or contract whether its application is in accordance with the principles in sharia (Nurhisam et al., 2016). As long as compliance with sharia principles is a must for the Islamic financial industry, sharia supervision exists in Indonesia. So, it can be said that sharia supervision by the Sharia Supervisory Board (DPS) is an integral part of sharia compliance.

Financial reports in a company play a very important role, especially for companies that go public, the reports submitted every period are in accordance with what has been stated in the Indonesia Stock Exchange Regulation No.I-E Decree of the Board of Directors of the Jakarta Stock Exchange Number: Kep-306 / BEJ / 07-2004 regarding the obligation to submit information. According to Anisa et al., (2023) a general description of the company about the condition of the company, which is analyzed according to its financial ratios, the company can see the condition of the company, whether it is bad or good financial condition in a certain period is referred to as the company's financial performance.

On the other hand, there has been an issue of damage to the ecosystem and the environment caused by the company's operational activities, which through this era of growing globalization, the company's focus must be on the 3P concept "Profit, People, Planet", in this case the Sustainability Report is one of the forms for the realization of the 3P concept "Profit, People, Planet", namely reports in the form of social performance, environmental performance, and economic performance (Puspitandari & Septiani, 2017). Information regarding the impact of the company's economic, social and environmental activities can be disclosed through the sustainability report as a voluntary report presented separately from the annual (Aniktia et al., 2015).

Currently, there is an increasing trend in the number of companies in Indonesia that regularly present sustainability reports. In the period from 2005 to 2018, there was a significant jump from only 7 companies to 56 companies that actively disclosed sustainability reports. In the group of companies listed on the JII, almost all of them have disclosed the Sustainability Report on the GRI Standard 2021 and there is still one of the 30 companies that have not disclosed their Sustainability Report. In addition, there is also one company that still applies the 2016 GRI Standard and has not upgraded to the new standard. Thus, it is of interest to the author to make the JII as the object of research. Nevertheless, it should be noted that the disclosure of sustainability reports in Indonesia is still voluntary. This reflects the high level of awareness and responsibility of companies related to sustainable economic, social, and environmental aspects. The following is the growth in the number of companies that published the Sustainability Report for the period 2006-2015.

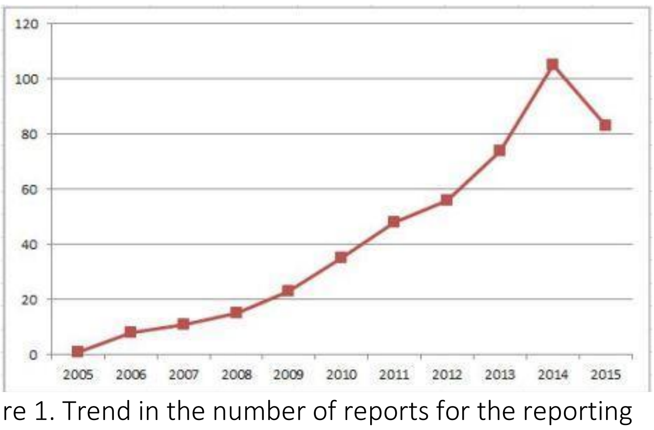

Figure 1. Trend in the number of reports for the reporting period 2005 - 2015

Source: Fariz, (2019)

Based on previous research written by Afridawati & Gampito (2017) regarding the influence of sharia compliance on consumer decisions to save at Batu Sangkar independent sharia bank, it was found that sharia compliance has an influence on the decision to save at KCP Batusangkar independent sharia bank, this is evidenced by the results of the R2 test and the results of the t test statistics. Oktaviani & Rachmawati's (2019) states that what has been tested using partial tests shows the results that sharia compliance has no effect on customer loyalty BNI Syariah Surabaya Branch Office. This is because customers are less concerned about whether every activity carried out contains usury or not but chooses an Islamic bank based on the references they have received from others and good service. Similar research also discusses Sustainability Report which is the goal in order to know the company's performance in the future, as in several previous studies conducted by Pratiwi et al., (2022) found that the company's financial performance is positively influenced by simultaneous disclosure of sustainability reports in the form of social, environmental, and economic performance aspects through the profitability ratio using Return On Equity (ROE). Other research from Tarigan et al., (2014), based on hypothesis testing, analysis and discussion, it can be concluded that the economic dimension (EC) of the sustainability report has a negative effect on financial performance because stakeholders in Indonesia have not seen the elements reported in the sustainability report as a consideration in making decisions. Based on the description above, the authors are interested in examining sharia compliance with sustainability reports on companies listed on the Indonesia Stock Exchange. Therefore, the researcher decided to examine the title Effect of Sharia Compliance on Sustainability Report Disclosure on Jakarta Islamic Index.

The implementation of sustainability reports in Islam must be based on ethics in accordance with sharia. As in the Word of Allah SWT. Surat An-Nisa verse 29:

يٰٓاَيُّهَا الَّذِيْنَ اٰمَنُوْا لَا تَأْكُلُوْٓا اَمْوَالَكُمْ بَيْنَكُمْ بَاطِلِ اِلَّآ اَنْ تَكُوْنَ. تِجَارَةً عَنْ تَرَاضٍ مِّنْكُمْ ۗ وَلَا تَقْتُلُوْٓا
اَنْفُسَكُمْ ۗ اِنَّ اللّٰهَ كَانَ بِكُمْ رَحِيْمًا ٢٩

"O you who have believed, do not eat your neighbour's wealth by unlawful means, except in the form of consensual trade between you. Do not kill yourselves. Verily, Allah is Most Merciful to you".

The study of sustainability reports is a concern for Indonesians who tend to see business processes in an Islamic perspective. Based on the background description above, the authors will analyse how Sharia compliance affects the sustainability report of companies listed on the Jakarta Islamic Index (JII).

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Sharia Compliance

Sharia compliance is an aspect that distinguishes Islamic economics from conventional economics or between Islamic banking and conventional banking (Acca, 2019). Sharia compliance is a manifestation of the fulfilment of all sharia principles in institutions that have the form of characteristics, integrity, and credibility in Islamic banks (Barlett, 2018). Sharia compliance is an absolute requirement that must be fulfilled by financial institutions that carry out business activities based on sharia (Falk, 2017). The importance of compliance implies the need for supervision of the implementation of compliance.

According to Kotler (2021: 83) the meaning of sharia compliance in Islamic institutions is the application of Islamic principles, sharia and its traditions in financial and banking transactions and other related businesses. Compliance means following a clearly regulated specification, standard or law that is usually issued by an authoritative institution or organization in a particular field.

The foundation of Sharia compliance

The foundation based on the principle of sharia compliance with sharia forms a principle in product issuance, sharia contract making, trade transaction contracts, and other asset allocation activities. Based on the Financial Services Authority regulation number 35/POJK.04/2017 concerning Criteria and Issuance of Sharia Securities List, determines a limit including qualitative limits in the form of financial ratios that must be complied with. The compliance requirements based on the regulation consist of:

1. Not conducting activities and types of business that are contrary to Sharia Principles in the Capital Market which include:
    a. Gambling and games that are classified as gambling;
    b. Ribawi financial services;
    c. Buying and selling of risks that contain elements of uncertainty (gharar) and/or gambling (maisir);
    d. Manufacture, distribute, trade, and/or provide:
        i. Haram goods or services (haram li-dzatihi);
        ii. Haram goods or services not because of their substance (haram li-ghairihi) as determined by the National Sharia Council - Indonesian Ulema Council;
        iii. Goods or services that damage morals and are mudarat; and/or
        iv. Other goods or services that are contrary to sharia principles based on the determination of the National Sharia Council - Indonesian Ulema Council; and
        v. Conduct other activities that are contrary to sharia principles based on the determination of the National Sharia Council - Indonesian Ulema Council;
2. Not to conduct transactions that are contrary to Sharia Principles in the Capital Market;
3. Financial ratios as follows:
    a. Total interest-based debt compared to total assets is not more than 45% (forty-five per cent); and
    b. Total interest income and other non-halal income compared to total operating income and other income is not more than 10% (ten per cent).

Definition of Sustainability Report

Sustainability report is a report that contains not only financial performance information but also non-financial information consisting of information on social and environmental activities that enable companies to grow sustainably (Elkington, 2017). Sustainability report is a stand-alone report, although there are still many implementations of sustainability reports that are disclosed together with a company's annual report (Wolker, 2018: 30). The Global Reporting Initiative (GRI) is an international organization whose main activities are focused on achieving transparency and reporting of a company through the development of sustainability disclosure standards and guidelines to describe economic, environmental, and social impact reporting (Bartlett, 2018).

Sustainability Reporting Disclosure Categories

An organization's sustainability report presents information related to material aspects, aspects that reflect the organization's economic, environmental, and social impacts or that tangibly influence stakeholders' assessment and decision-making. Sustainability reporting according to the global reporting initiative (GRI) G4 Guidelines consists of the following 3 dimensions:

1. Economics
   The economic sustainability dimension is concerned with the organization's impact on the economic circumstances for its stakeholders, and on the economic system at local, national, and global levels.
2. Environment
   The environmental dimension of sustainability relates to an organization's impact on living and non-living natural systems, including land, air, water, and ecosystems. The environmental category includes impacts related to inputs (such as energy and water) and outputs (such as emissions, effluents, and waste), as well as biodiversity, transport, and impacts related to products and services, and environmental compliance and costs.
3. Social
   The social sustainability dimension addresses the impact that the organization has on the social system in which it operates. The social category contains sub-categories:
   a. Labour practices and comfort at work. Indicators of labour practices and work comfort include employment, working conditions occupational safety and health, training, education, employee development, and diversity and opportunity.
   b. Human rights. The human rights performance indicator specifies that the organization should always consider the interests of shareholders and other stakeholders with due regard to the principle of equality covering investment and procurement practices, management practices, application of non-discrimination principles, freedom of association, child labour, forced labour, disciplinary practices, security practices, and Community rights.
   c. Community Customs. Societal performance indicators look at the impact of organizations on the communities in which they operate, and the reaction of social institutions in relation to the care and management of issues such as community, corruption, public policy, and anti-competitive behavior such as anti-trust and monopoly.
   d. Product responsibility. Product responsibility performance indicators cover aspects such as health and safety of product users and customers in general, products and services, communications for marketing, and customer privacy.

Based on the disclosure of the Global Reporting Initiative (GRI) standard 2021 index, there are 117 items where corporate social responsibility (CSR) disclosure is measured using the CSR disclosure index which is formulated as follows:

$$\text{CSR Index} = \frac{\text{Number of CSR items disclosed}}{\text{Maximum number of items to be disclosed under GRI}} \times 100\%$$

Jakarta Islamic Index

Quoted from IDX.co.id Since 03 July 2000, the Jakarta Islamic Index (JII) was officially launched as the first Islamic stock index in the Indonesian capital market. The JII index was selected from the Indonesia Sharia Stock Index (ISSI) of 60 stocks which were re-selected into 30 stocks based on the average daily transaction value in the highest regular market over the past 1 year. The following is a list of 30 JII index sharia stocks that have good financial performance and high transaction liquidity based on the effective period of the constituents from December 2022 to May 2023:

1. Ace Hardware Indonesia Tbk - ACES
2. PT Adaro Energy Indonesia Tbk - ADRO
3. PT AKR Corporindo Tbk - AKRA
4. PT Aneka Tambang Tbk - ANTM
5. PT Bank Syariah Indonesia Tbk - BRIS
6. PT Bumi Resources Minerals Tbk - BRMS
7. PT Barito Pacific Tbk - BRPT
8. PT Charoen Pokphand Indonesia Tbk - CPIN
9. PT XL Axiata Tbk - EXCL
10. PT Medikaloka Hermina Tbk - HEAL
11. PT Harum Energy Tbk - HRUM
12. PT Indofood CBP Sukses Makmur Tbk - ICBP
13. PT Vale Indonesia Tbk - INCO
14. Indofood Sukses Makmur Tbk - INDF
15. PT Indah Kiat Pulp & Paper Tbk - INKP
16. Indocement Tunggal Prakarsa Tbk - INTP
17. PT Indo Tambangraya Megah Tbk - ITMG
18. PT Kalbe Farma Tbk - KLBF
19. PT Mitra Keluarga Karyasehat Tbk - MIKA
20. PT Dayamitra Telekomunikasi Tbk - MTEL
21. PT Perusahaan Gas Negara Tbk - PGAS
22. PT Bukit Asam Tbk - PTBA
23. PT Surya Citra Media Tbk - SCMA
24. PT Industri Jamu dan Farmasi Sido Muncul Tbk - SIDO
25. PT Semen Indonesia (Persero) Tbk - SMGR
26. PT Timah Tbk - TINS
27. PT Telkom Indonesia (Persero) Tbk - TLKM
28. PT Chandra Asri Petrochemical Tbk - TPIA
29. PT United Tractors Tbk - UNTR
30. PT Unilever Indonesia Tbk - UNVR

In this case, the JII index as a sharia stock is engaged in halal according to the principles of halal sharia law. Such as not conducting gambling activities, trading with false demand, nor using interest-based banks or usury.

Previous Research

1. Wardiwiyono,S. (2022) conducted a study entitled "The role of Islamic sharia compliance on corporate social responsibility disclosure". The results of this study indicate that sharia compliance has no effect on corporate social responsibility disclosure.
2. Mais, R, G., & Lufiiani, N. (2018) conducted a study entitled "The effect of sharia governance structure on corporate social responsibility disclosure based on the Islamic social reporting index". The results of this study indicate that sharia governance structure has a positive and significant effect on corporate social responsibility disclosure.
3. Wijayanti, R. (2016) conducted a study entitled "The effect of sustainability report disclosure on company financial performance". The results of this study indicate that all dimensions of sustainability report disclosure have a significant influence on the company's financial performance.
4. Sejati, B.P., & Prastiwi, A. (2015) conducted a study entitled "The effect of sustainability report disclosure on company performance and value". The results of this study indicate that disclosure of sustainability reports does not have a significant relationship to company performance and value.

Hypothesis Development

Based on Darwin's quantitative research methods book (2021), Fraenkel and Wallen define a hypothesis as a prediction about the possible results of a study. The hypothesis of this study is as follows:

The effect of sharia compliance on the ratio of interest payable over total assets on sustainability reports

Sharia compliance is realized in the implementation of sharia principles to encourage the development of the Islamic capital market industry in Indonesia. Sharia compliance refers to Financial Services Authority Regulation number 35/POJK.04/2017 concerning criteria and issuance of sharia securities list which explains that sharia principles in the capital market as long as the issuer or public company. In total interest-based debt compared to total assets no more than 45% (forty-five percent). Based on this, companies that have sharia shares will disclose sustainability reports, so that the sustainability report will raise public attention about the company (Haditya, 2014).

Research conducted by Dewling & Plefler (2015), states that sharia compliance (interest payable on total assets) affects sustainability reports. This is in line with research conducted by (Chartri & Ghozali, 2017). However, in contrast to research conducted Hossain et al. (2016) which states that sharia compliance (interest debt on total assets) has no effect on sustainability reports, the same results were also obtained by research conducted by (Archer, 2014). From these differences, researchers formulated the following hypothesis:

H1: There is an influence of interest payable over total assets ratio on sustainability reports.

The effect of sharia compliance on the ratio of non-halal income over total income to sustainability report

Gompers et al., (2016) explain that the existence of company managers who act as representatives who carry out the mandate to manage the company and are responsible for disclosing sustainability reports through the implementation of sharia compliance which can increase public trust in the company. In the ratio of total interest income and other non-halal income compared to total revenue and other income is not more than 10% (ten percent).

Research Othman (2019) and Hanlon, M. (2017) revealed that sharia compliance (non-halal income on total income) has a positive influence on sustainability report disclosure. In contrast to research conducted by Farook & Lanis (2015) which states that sharia compliance (non-halal income on total income) does not have a positive influence on sustainability report disclosure, the same results were also obtained by (Percy & Stewart, 2014). Based on this, the researchers formulated the following hypothesis:

H2: There is an influence of non-halal income over total income ratio on sustainability report.

Research Model

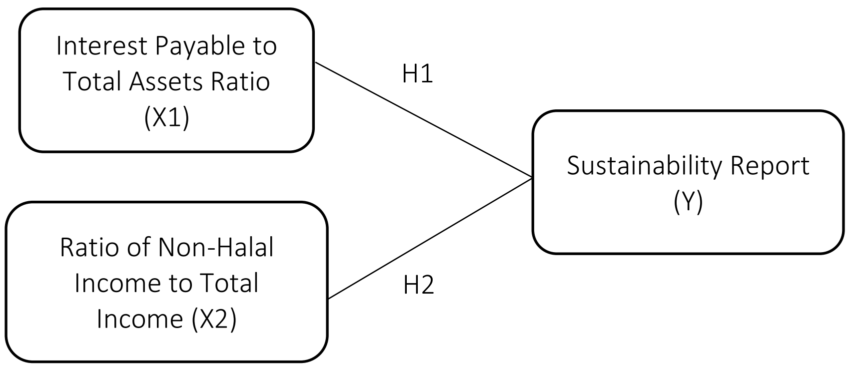

Figure 2. Research Model

RESEARCH METHOD

This research was conducted on companies included in the Islamic stock index in the Indonesian capital market. The population in this study are companies listed on the Jakarta Islamic Index (JII) on the Indonesia Stock Exchange (IDX). The sample in this study was determined using purposive sampling method with the following criteria: The company is listed on the Jakarta Islamic Index (JII) 30, the company implements sharia compliance principles and publishes a sustainability report for 2022. Based on the sample criteria, the final sample in this study amounted to 30 companies.

This study uses two variables, namely sharia compliance as the independent variable and sustainability as the dependent variable. The two indicators of sharia compliance used are the ratio of interest-bearing debt over total assets and the ratio of non-halal income over total income. The data used is secondary data of annual reports in the form of sustainability reports and annual reports from each company's website collected by documentation techniques.

This research uses quantitative methods with data analysis techniques including descriptive statistical analysis, classical assumption tests and multiple linear regression analysis, using SPSS 28 software as a data processor. Descriptive statistics are used to determine the maximum, minimum, average, and standard deviation values of each variable. Classical assumption test to ensure that the assumptions underlying the use of multiple linear regression test techniques can be met consisting of normality test, multicollinearity test, and heteroscedasticity test. Multiple linear regression analysis is used as hypothesis testing which aims to determine whether the independent variable (X) has a significant effect on the dependent variable (Y).

Hypothesis Testing

This study aims to examine the effect of sharia compliance on sustainability reports proxied by the economic dimension, social dimension and environmental dimension and measured by the disclosure index. Sustainability Reporting Guidelines from the Global Reporting Initiative (GRI) standard 2021 are used as the basis for calculating the sustainability report disclosure index score. Data was analysed with descriptive statistical analysis, classical assumption test and multiple linear regression analysis to test the hypothesis, Hypothesis testing in this study was carried out with cross section data regression using SPSS 28 software. The linear regression analysis model used is:

$$Y = a + \beta1\ X1 + \beta2\ X2 + \beta3\ X3 + e \text{......................} (1)$$

Description:
Y = Sustainability Report
X1 = Ratio of Interest-bearing Debt to Total Assets
X2 = Ratio of Non-Halal Income to Total Income
a = Constant value
B = Regression coefficient
E = Disturbance's error

Furthermore, the F test and T test were carried out to see the meaning of the regression test and the regression coefficient. The F test is carried out for the purpose of testing whether all the independent variables referred to in the model have a joint influence on the dependent variable so that it can be used to make conclusions. The F test is done by comparing the results of Fcount and Ftabel where if the results of Fcount > Ftabel then the regression test has meaning. Meanwhile, the T test is used by comparing the Thitung value and the T valuetabel to test how far the influence of one independent variable individually in explaining the variation in the dependent variable.

RESULTS AND DISCUSSION

The following table presents the results of descriptive statistical analysis used to assess the level of CSR (Corporate Social Responsibility) disclosure by companies listed on the Indonesia Stock Exchange, in this case including the Jakarta Islamic Index group.

Table 1. List and Compliance Presentation of each Jakarta Islamic Index Sustainability Report

No	Code	Assessment Aspect 1	Assessment Aspect 2	DDAA1	DDAA2

1	ACES	9.77%	0.68%	35.23%	9.32%
2	ADRO	0.01%	0.36%	44.99%	9.64%
3	AKRA	13.46%	0.10%	31.54%	9.90%
4	ANTM	8.94%	0.16%	36.06%	9.84%
5	BRIS	0.28%	0.16%	44.72%	9.84%
6	BRMS	6.27%	1.21%	38.73%	8.79%
7	BRPT	43.77%	1.02%	1.23%	8.98%
8	CPIN	24.91%	0.04%	20.09%	9.96%
No	Code	Assessment Aspect 1	Assessment Aspect 2	DDAA1	DDAA2
9	EXCL	11.37%	0.38%	33.63%	9.62%
10	HEAL	24.81%	0.65%	20.19%	9.35%
11	HRUM	0.87%	0.26%	44.13%	9.74%
12	ICBP	4.44%	0.36%	40.56%	9.64%
13	INCO	0.07%	0.91%	44.93%	9.09%
14	INDF	9.34%	0.53%	35.66%	9.47%
15	INKP	2.31%	0.39%	42.69%	9.61%
16	INTP	2.99%	0.62%	42.01%	9.38%
17	ITMG	1.16%	0.27%	43.84%	9.73%
18	KLBF	3.76%	1.02%	41.24%	8.98%
19	MIKA	1.91%	1.42%	43.09%	8.58%
20	MTEL	0.02%	4.24%	44.98%	5.76%
21	PGAS	37.87%	0.73%	7.13%	9.27%
22	PTBA	36.25%	0.99%	33.86%	9.01%
23	SCMA	9.32%	0.51%	40.85%	9.49%
24	SIDO	0.01%	0.71%	43.90%	9.29%
25	SMGR	40.10%	0.27%	27.98%	9.73%
26	TINS	16.85%	0.18%	28.15%	9.82%
27	TLKM	21.63%	0.60%	23.37%	9.40%
28	TPIA	30.45%	0.76%	14.55%	9.24%
29	UNTR	5.25%	0.81%	39.75%	9.19%
30	UNVR	13.13%	0.02%	31.87%	9.98%

	AA 1	AA 2
AVERAGE	12.71%	0.68%
DEVIATION	13.28%	0.75%
MAX	43.77%	4.24%
MIN	0.01%	0.02%

Source: Annual Report, Data Processed (2024)

Based on table 1, the frequency distribution of the average AA1 value (aspect of compliance with interest-based liabilities) with standardized provisions should not exceed 45% is at a fairly safe point of 12.71% with a standard deviation of 13.28%. PT Barito Pacifica Tbk (BRPT) has the highest AA1 value, which is 43.77% with a DDAA1 value of 1.23% points which is still below the specified limit. While PT Sidomuncul (SIDO) has the best AA1 compliance point, which is 0.01% with a distance of 43.90% below the stipulated compliance margin. The next average frequency distribution is the fulfillment of AA2 (compliance aspect of interest-based income) with the standard provision not exceeding 10% at 0.68%, with a standard deviation of 0.75%. PT Dayamitra Telekomunikasi (MTEL) has the highest AA2 point, which is 4.24% with a DDAA1 of 5.76% which is still below the regulatory limit. Meanwhile, PT Unilever Indonesia Tbk (UNVR) has the best AA2 compliance point of 0.02% with a DDAA2 value of 9.98%, which is below, far from the specified limit.

Descriptive Statistical Test

Based on the sampling process, 30 samples were obtained that fulfilled the criteria. Descriptive statistical tests obtained the following results:

Table 4. Descriptive Statistics

Descriptive Statistics			
	Mean	Std. Deviation	N
Sustainability Report (Y)	0.72	0.26	30
Interest-bearing Debt to Total Assets Ratio (X_1)	0.13	0.13	30
Ratio of Non-Halal Income to Total Income (X_2)	0.01	0.01	30

Source: SPSS 28 Test Results (2024)

Normality Test

Table 5. Normality Test Results

	Unstandardized Residual
Significance	0.45

Source: SPSS 28 Test Results (2024)

If the significance level is > 0.05 then it is said to be normal, and vice versa if the significance level is < 0.05 it can be said to be abnormal. Based on the table 5, the significance level value is 0.45 > 0.05 meaning that the data is distributed normally.

Multicollinearity Test

Table 6. Multicollinearity Test Results

Variable	Collinearity Statistics	
	Tolerance	VIF
Interest-bearing Debt to Total Assets Ratio (X_1)	0.98	1.01
Non-Halal Income to Total Income Ratio (X_2)	0.98	1.01

Source: SPSS 28 Test Results (2024)

If the VIF is below or < 10 and the tolerance value is above > 0.1 then there is no multicollinearity. Based on the table 6, it is known that the VIF value of the variable interest payable to total assets (X_1) and the variable ratio of non-halal income to total income (X_2) is 1.01 < 10 and the tolerance value is 0.98 > 0.1, so the data does not occur multicollinearity.

Heteroscedasticity Test

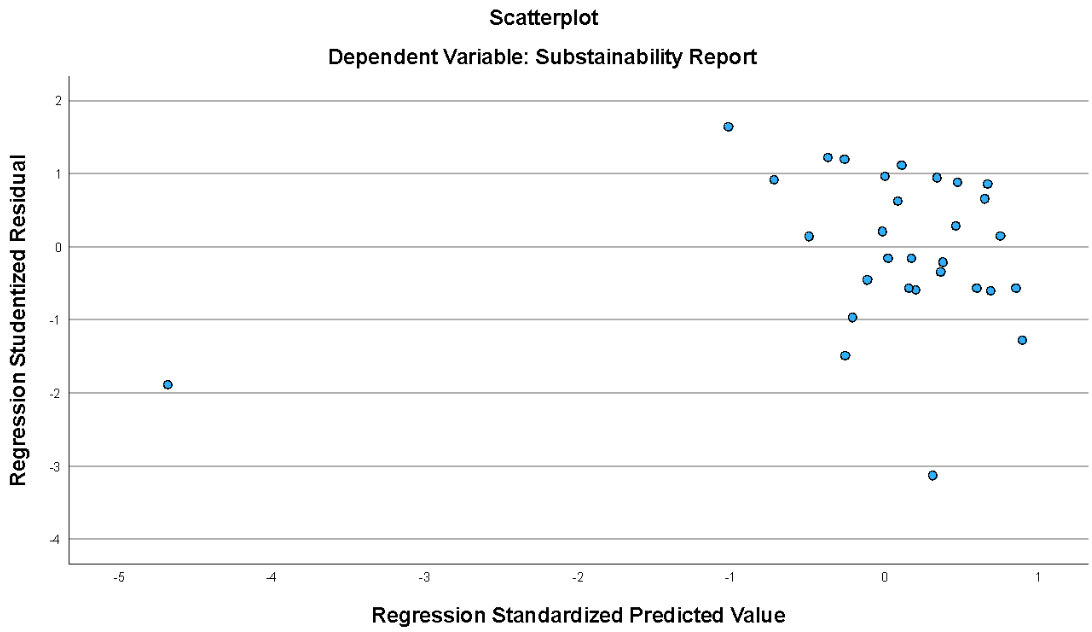

Figure 3. Heteroscedasticity Test Results
Source: SPSS 28 Test Results (2024)

If the points spread up or down and form a certain pattern then there is no heteroscedasticity. Based on the figure 3, it can be said that heteroscedasticity does not occur.

F-Test

Table 7. F Test Results

	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.34	2	0.17	2.73	0.08^b
Residuals	1.67	27	0.06		
Total	2.01	29			

Source: SPSS 28 Test Results (2024)

The conclusion that can be drawn from the table 7, where the significance is 0.08 which has a value above 5%. This means that H_1 is rejected but H_0 is accepted. Therefore, the regression model in this study is not suitable for testing between the independent variable and the dependent variable.

T-Test

Table 8. T-test Results

Variable	Expected		Result		Description
	Signal	Significance	Signal	Significance	
(Constant)	+/-	Sig. < 0.05	-	< 0.01	Accepted
Interest-bearing Debt to Total Assets (X_1)	+	Sig. < 0.05	+	0.86 > 0.05	Unaccepted
Variable	Expected		Result		Description
	Signal	Significance	Signal	Significance	
Non-Halal Income to Total Income (X_2)	+	Sig. < 0.05	-	0.03 < 0.05	Accepted

Source: SPSS 28 Test Results (2024)

Based the information on the table 8, if the sig value < 0.05 or the t-count value > t-table, then there is an influence of variable X on variable Y. Conversely, if the sig value > 0.05 or the t-count value < t-table, then there is no influence of variable X on variable Y. Then it can be concluded as follows:

a. The meaning of the information above is that the regression coefficient of the variable Interest-bearing Debt to Total Assets (X_1) is 0.86, and its insignificance is greater than 0.05, which means that Sharia Compliance on the indicator of Interest-bearing Debt to Total Assets has no effect on sustainability report disclosure.
b. The meaning of the above information is that the regression coefficient of the variable non-halal income to total income (X_2) is 0.03, and its significance is less than 0.05, which means that the measure of Sharia Compliance in the indicator of non-halal income to total income has a negative and significant effect on sustainability report disclosure.

Coefficient of Determination

Table 9. Results of the Coefficient of Determination

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.41[a]	0.17	0.11	0.25

Source: SPSS 28 Test Results (2024)

The conclusion that can be drawn based on table 9, namely where the adjusted R square value is 11%. Which means that it only gets an explanation of 11% of the selected independent variables on the dependent variable, where the rest is influenced by other variables not listed in this study.

The Effect of Sharia Compliance on the Ratio of Interest-bearing Debt to Total Assets on Sustainability Report Disclosure

This study provides results, namely it turns out that the Sharia Compliance Interest-bearing Debt to Total Assets Ratio in companies included in the JII 30 group, discloses an average sustainability report of 12.71% of the amount that should be. With the average disclosure, it has not been able to provide the desired sustainability report disclosure results. This is in line with the results of the Interest-bearing Debt to Total Assets (X1) T test of 0.86> 0.05, which means that H1 is rejected while H0 is accepted. So it can be concluded that the greater the sharia compliance, the less substainability, and vice versa.

The Effect of Sharia Compliance on the Ratio of Non-Halal Income to Total Income on Sustainability Report Disclosure

This study provides results, namely it turns out that the Sharia Compliance ratio of non-halal income to total income in companies included in the JII 30 group, discloses an average sustainability report of 0.68% of the amount it should be. With this average disclosure, it turns out to be able to provide the desired sustainability report disclosure results. This is in line with the results of the T test of Non-Halal Income on Total Income (X1) of 0.03 < 0.05 which means H2 is accepted while H0 is rejected. So it can be concluded that the smaller the disclosure of sharia compliance, the more substainability, and vice versa.

CONCLUSION

Based on the results of the analysis of the influence of sharia compliance on sustainability in companies on the Indonesian sharia stock exchange, it can be concluded that simultaneously there is no significant influence on both aspects of sharia compliance on sustainability disclosure. This is indicated by an insignificant value of 0.86 > 0.05. While partially negative and significant effect on one aspect of sharia compliance, namely on the ratio of non-halal income to total income. This is indicated by the value of the sharia compliance indicator in the form of Interest-bearing Debt to Total Assets Ratio showing an insignificant value of 0.86 > 0.05 so that H_0 is accepted or H_1 is rejected. Meanwhile, the indicator of Non-Halal Income Ratio to Total Income shows a significant value of 0.03 < 0.05 in this case H_2 is accepted or H_0 is rejected. Empirically, the greater the non-halal income, the more negative effect on the disclosure of sustainability report. Conversely, the smaller the non-halal income, the more positive the effect on sustainability report disclosure.

The limitation in this study is the absence of previous research references that are exactly the same as the dependent and independent variables we use. The scope of the research is limited to companies that are only listed in JII 30, this is also due to time constraints so that future researchers are advised to expand the population of the Islamic stock index used. This research also only uses two indicators of sharia compliance, so the suggestion for future researchers is to add indicators of sharia compliance both nationally and internationally based. In addition, this study only focuses on the effect of sharia compliance on sustainability report disclosure, so other factors that may affect the disclosure are not considered. Thus, the author suggests that future researchers expand the scope of independent variables that influence sustainability report disclosure, such as company financial performance, implementation of Good Corporate Governance and other factors that can influence sustainability report disclosure in sharia-based companies.

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