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Corporate Social Responsibility as a Moderating of Good Corporate Governance and Financial Performance on Islamic Social Reporting

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ABSTRACT

Islamic Social Reporting (ISR) plays an important role in promoting transparency and accountability in Islamic banking in line with Islamic principles. However, variations in ISR disclosure among Islamic banks in Indonesia indicate the need to identify key factors influencing its quality. This study examines the effects of Good Corporate Governance (GCG) and financial performance on ISR disclosure, with Corporate Social Responsibility (CSR) positioned as a strategic and moderating variable. Using a quantitative approach, this study applies Partial Least Squares–Structural Equation Modeling (PLS-SEM) to panel data from 13 Islamic commercial banks in Indonesia over the period 2020–2023, resulting in 52 observations. ISR and CSR are measured using disclosure indices based on content analysis of annual and sustainability reports, while financial performance is proxied by Non Performing Financing (NPF). The results show that CSR has a strong and significant positive effect on ISR disclosure, indicating that CSR is the primary driver of sharia-based social transparency. In contrast, GCG and financial performance do not have a significant direct effect on CSR. Moreover, CSR does not moderate the relationship between GCG and ISR, suggesting that CSR functions as an independent determinant rather than a reinforcing mechanism of governance. These findings imply that ISR quality in Indonesian Islamic banks is driven more by ethical commitment and sharia obligations embedded in CSR practices than by formal governance structures or financial conditions. This study contributes to the literature by highlighting the central role of CSR in shaping ISR disclosure and provides practical implications for strengthening CSR integration in Islamic banking.

1. INTRODUCTION

Islamic Social Reporting (ISR) is a sharia-based accountability framework that aims to provide comprehensive disclosure in accordance with Islamic values. So far, most Islamic financial institutions still use the Global Reporting Initiative (GRI) in reporting Corporate Social Responsibility (CSR), but this approach has not been able to describe the ethical and spiritual dimensions that are typical of Islamic institutions (Hilmiyah, 2018). ISR comes as a more appropriate alternative because it incorporates moral values and spiritual responsibility in Islamic financial reporting practices. In the context of Islamic banking, CSR is not only an ethical practice, but also a sharia obligation (DSN-MUI, 2018).

In Indonesia, Islamic banks implement PSAK No. 101 (2023), but this standard only regulates financial statements and does not cover ISR disclosure obligations. This condition has led to a lack of uniform ISR practices and still shows variations in themes, depths, and reporting formats (Othman et al., 2009; Husaini et al., 2020). This irregularity has become increasingly significant considering that Indonesia continues to occupy an important position in the global Islamic finance industry, as can be seen from the achievement of first place in the Global Islamic Finance Report (GIFR) 2021 with a score of 83.35 (Cambridge Institute of Islamic Finance, 2021). The growth of the industry adds to the urgency of the preparation of more comprehensive and consistent ISR standards to ensure transparency and accountability of Islamic financial institutions.

However, various studies show that the disclosure of Islamic banks' products, services, and operational practices still faces obstacles, such as limited information, less effective communication, and low customer trust (Grassa et al., 2018). Islamic banks need to increase transparency and strengthen compliance with Islamic principles to build public trust (Kasih & Rini, 2018). ISR is not only a tool of social accountability, but also a means of fulfilling religious obligations in the aspects of social justice, environmental protection, employee welfare, and protection of minority rights (Haniffa, 2002). Dusuki and Abdullah (2007) emphasized that ISR is in line with maqasid al-shariah, which emphasizes the protection of religion, soul, intellect, descent, and property as the main goal of implementing Islamic social responsibility.

In addition to the need for transparency through ISR, Good Corporate Governance (GCG) also has an important role in ensuring accountability and Islamic compliance in the management of financial institutions. In the context of Islamic banking, the existence of the Sharia Supervisory Board (DPS) provides a special governance structure that ensures the implementation of Islamic principles in bank operations (Chapra & Ahmed, 2008). Financial performance is also suspected to affect the bank's ability to fulfill social responsibilities, such as zakat payments and philanthropic contributions (Arshad et al., 2012; Dusuki & Abdullah, 2007). In this case, CSR plays a strategic role for Islamic banks because it not only provides economic and reputational benefits, but also ensures ethical compliance in accordance with Islamic values (Kamaludin et al., 2022; Farook et al., 2011).

Theoretically, this research is based on Stakeholder Theory (Freeman, 1984) and Legitimacy Theory (Suchman, 1995). Both theories explain how organizations need to balance the interests of stakeholders and gain social legitimacy through the disclosure of social responsibility. In the context of Islamic finance, these theories are enriched by *maqasid al-shariah* which emphasizes a balance between economic, ethical, and social interests.

Although the relationship between GCG, CSR, financial performance, and ISR has been extensively researched before, there are several research gaps that still need to be addressed. First, most previous studies have analyzed the relationships between these variables separately, rather than in a single, comprehensive structural model. Second, the role of CSR as a moderation variable in the relationship between GCG and ISR is still rarely analyzed, even though conceptually CSR has the potential to strengthen Islamic legitimacy and accountability. Third, the use of Non Performing Financing (NPF) as an indicator of financial performance has not been widely explored, although this indicator reflects the risk and quality of financing that is more in line with the characteristics of Islamic banking. Fourth, empirical research related to the quality of ISR of Indonesian Islamic banks with content analysis and PLS-SEM approaches in the latest period (2020–2023) is still limited.

In line with this gap, this research offers several novelties. First, this study integrates GCG, financial performance, CSR, and ISR in one structural model using SmartPLS 4.0, thus allowing simultaneous analysis of direct, indirect, and moderation relationships. Second, this study places CSR as a moderation variable as well as a strategic variable that plays a role in improving the quality of ISR disclosure, an approach that is still rarely used in the Islamic banking literature. Third, this study uses NPF as an indicator of financial performance, which is considered more aligned with the risk of sharia financing than the conventional profitability ratio. Fourth, this study combines the analysis of the content of annual reports and sustainability reports with the PLS-SEM quantitative approach, providing a more comprehensive mapping of the ISR quality of Islamic banks in Indonesia.

With these theoretical foundations, empirical gaps, and methodological contributions, this study aims to examine: (1) the influence of Good Corporate Governance on ISR disclosure, (2) the influence of financial performance on ISR disclosure, and (3) the role of CSR moderation in the relationship between GCG and ISR in Islamic banks in Indonesia.

2. LITERATURE REVIEW

Islamic Social Reporting (ISR)

Islamic Social Reporting (ISR) is a social reporting framework based on Islamic principles, which emphasizes the value of justice, transparency, and sharia-based accountability. Haniffa (2002) explained that ISR is a form of reporting that is not only economically oriented, but also reflects moral and spiritual values according to Islamic. ISR aims to meet the maqasid al-shariah and information needs of all stakeholders, including the public.

Othman et al. (2009) developed the ISR index based on the disclosure of social responsibility of Islamic companies, which was then widely used in research related to the quality of social reporting of Islamic banks. However, some studies have found that ISR disclosures still vary between banks due to the lack of clear standards (Husaini et al., 2020). In the Indonesian context, the Islamic reporting standard (PSAK 101) has not regulated the obligation to disclose ISR comprehensively, so the quality of interbank reporting is not uniform.

Corporate Social Responsibility (CSR)

In an Islamic perspective, CSR is a moral and Islamic obligation as affirmed by DSN-MUI (2018), which emphasizes that Islamic companies must carry out social responsibility in an integrated manner. CSR is not only a tool of social legitimacy but also part of social worship, including aspects of welfare, justice, environmental protection, and social balance (Dusuki & Abdullah, 2007).

Farook et al. (2011) show that CSR has a significant effect on the quality of social disclosure in Islamic banks. Kamaludin et al. (2022) emphasized that CSR can improve public reputation and trust, while strengthening the Islamic compliance of financial institutions. In the context of theory, CSR is closely related to Stakeholder Theory (Freeman, 1984) and Legitimacy Theory (Suchman, 1995), which explain that companies need to gain support and legitimacy from the community through social reporting.

Implications for ISR: CSR is believed to be the main driver of the quality of ISR because both have a consistent goal in increasing sharia-based transparency and accountability.

H1: Corporate Social Responsibility (CSR) has a positive effect on Islamic Social Reporting (ISR).

Good Corporate Governance (GCG)

Good Corporate Governance (GCG) is an important mechanism to ensure transparency, accountability, and fairness in organizations. In Islamic banking, GCG is strengthened by the existence of the Sharia Supervisory Board (DPS) as a supervisor of Sharia compliance (Chapra & Ahmed, 2008).

Several studies show the importance of strong Islamic governance in improving the quality of social reporting and Islamic compliance (Grassa et al., 2018). However, the relationship between GCG and CSR or ISR is not always significant. Previous research has shown that GCG is sometimes more compliance-oriented so that it does not directly encourage the strengthening of social responsibility. In the theory of legitimacy, good governance helps companies gain public support. However, an empirical analysis is needed to determine whether GCG has an effect on CSR in the context of Indonesian Islamic banks.

H2: Good Corporate Governance (GCG) has a positive effect on Corporate Social Responsibility (CSR).

Financial Performance

The financial performance of Islamic financial institutions is often measured using financing ratios. Arshad et al. (2012) and Dusuki & Abdullah (2007) emphasized that banks with better financial performance have greater ability to carry out social programs such as zakat and philanthropic activities. In a recent study, Abdul Rahim et al. (2024) found that sharia compliance and transparency have an impact on the financial performance of Islamic banks. However, some research shows that the direct relationship between financial performance and CSR is not always significant, depending on the regulatory context and organizational culture. In this study, financial performance is measured through Non Performing Financing (NPF) which describes the quality of financing as well as the risk of Islamic banks.

H3: Financial performance has a positive effect on Corporate Social Responsibility (CSR).

The Role of CSR Moderation in GCG and ISR Relations

CSR can serve as a strategic mechanism that links governance to the quality of social disclosure. Strong GCG will drive CSR initiatives that can ultimately improve the quality of ISR. This is in line with the view of Dusuki & Abdullah (2007) that CSR in Islam is the implementation of *maqasid* values that should be part of Islamic bank governance.

In the Islamic governance model, DPS and other GCG structures play a role in ensuring the implementation of CSR in accordance with Islamic principles. Therefore, CSR has the potential to strengthen (moderate) the influence of GCG on ISR. However, research on CSR as a moderator is still very limited in the context of Indonesian Islamic banks, thus providing space for this research to make new contributions.

H4: Corporate Social Responsibility (CSR) moderates the influence of Good Corporate Governance (GCG) on Islamic Social Reporting (ISR).

3. METHODOLOGY

This study uses a quantitative approach with the *Partial Least Squares Structural Equation Modeling* (PLS-SEM) method through SmartPLS 4.0 software**.** This approach was chosen because it is able to analyze the relationships between variables simultaneously, including testing mediation and moderation models, as recommended by Hair et al. (2021) and its widespread use in management and governance research (Hair et al., 2012; Kura et al., 2015; Li et al., 2020; Min et al., 2020).

The population in this study is all Sharia Commercial Banks (BUS) in Indonesia that operate in the 2020–2023 period. The sampling technique uses the purposive sampling method, which is the selection of samples based on certain criteria (Sekaran & Bougie, 2016). The sample criteria in this study are: (1) Sharia Commercial Banks listed in the OJK Sharia Banking Statistics for 2020–2023; (2) Banks that publish annual reports on the official website of each bank; (3) Banks that provide sustainability reports or CSR reports. Based on these criteria, 13 banks were obtained as samples with observations for 4 years (2020–2023) so that the total panel data used amounted to 52 observations**.**

Table 1. Amount of Research Data

Yes	Criteria	Amount
1	Islamic Commercial Banks listed in the Sharia Banking Statistics published by	13

	the Financial Services Authority (OJK) for the years 2020-2023.	
2	Islamic Commercial Banks that publish annual reports through their respective bank websites.	13
3	Islamic Commercial Banks that present Social Responsibility Reports (sustainability reports) on their respective bank websites.	13
	Total Sample	13
	Total data from 2020-2023	52

The type of data used is quantitative data in the form of numbers and scores from *content analysis* results, which are obtained from; (1) Islamic bank annual report (annual report 2020–2023); (2) Sustainability report (CSR/ Sustainability report); (3) OJK Sharia Banking Statistics; (4) The official website of each bank; (5) IDX (Indonesia Stock Exchange). The data used is panel data**,** which is a combination of *cross-section* data (interbanking) and *time series* (annually).

Operational Definitions and Variable Measurements

ISR is measured using the ISR index with several adjustments based on indicators relevant to Islamic banks in Indonesia. Scores are obtained through *content analysis* on each ISR disclosure theme in the annual report and sustainability report (Othman et al., 2009). GCG is measured using indicators of the number and composition of governance organs, namely: (1) Board of Directors; (2) Board of Commissioners; (3) Sharia Supervisory Board. All data is obtained from the annual reports of Islamic banks. Financial performance is measured using the Non Performing Financing (NPF) indicator which reflects the quality of financing as well as the risk of Islamic banks. CSR is measured through the CSR disclosure index based on social reporting indicators in sustainability reports. The analysis was carried out using the PLS-SEM approach, which consisted of two stages: (1) Evaluation of the Measurement Model (Outer Model). Testing is carried out through: Outer Loading, Average Variance Extracted (AVE), Composite Reliability, Cronbach's Alpha; *(2)* Evaluation of Structural Model (Inner Model). The test was carried out through: Path Coefficient, T-Statistic *and* p-value, R-Square (R^2), F-Square (Effect Size), Predictive Relevance (Q^2).

4. RESULTS AND DISCUSSIONS

Discussion of the Outer Model

a. Outer Loading

Table 2. Outer Loading Test Output

Variable	CSR	GCG	FINANCIAL PERFORMANCE	PISR
CSR1	0,706			
CSR2	0,922			
CSR3	0,883			
CSR4	0,723			
CSR5	0,824			
CSR6	0,813			
GCG1		0,479		
GCG2		0,729		
GCG3		0,861		
GCG4		0,923		
FIANCIALPERFORMANCE4			1,000	
PISR4				0,982
PISR5				0,982
PISR6				0,787

The results of *outer loading* show that all CSR indicators have values above 0.70—ranging from 0.706 to 0.922—so they are declared valid as a construct gauge. GCG indicators that were previously weak showed increased validity with values above 0.70 (GCG2 = 0.729; GCG3 = 0.861; GCG4 = 0.923). The financial performance indicator (FINANCIALPERFORMANCE4) has a value of 1,000 which indicates perfect validity. Similarly, the PISR indicator has a value of 0.787 to 0.982, all of which meet the standard. These findings show that each research construct of CSR, GCG, financial performance, and PISR has indicators that are able to represent their latent variables well. This supports the feasibility of the model for further analysis at the *inner model stage*.

b. Reliability and Validity of Constructs

Table 3. Reliability and Validity Test Result Construct

Variable	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
CSR	0,885	0,901	0,914	0,643
GCG	0,797	0,770	0,804	0,526
PISR	0,727	0,912	0,857	0,693

Cronbach's Alpha and Composite Reliability values of the entire construct are above 0.70, indicating high reliability. CSR has the highest reliability (Cronbach's Alpha = 0.885; CR = 0.914), followed by GCG (0.797; 0.804), and PISR (0.727; 0.857). All AVE values are above 0.50, namely CSR (0.643), GCG (0.526), and PISR (0.693), thus meeting convergent validity. These results confirm that all constructs can be trusted in measuring the variables in question. Thus, the data is eligible to enter the test stage of the relationship between variables.

Discussion of the Inner Model

The results of data processing show the following picture:

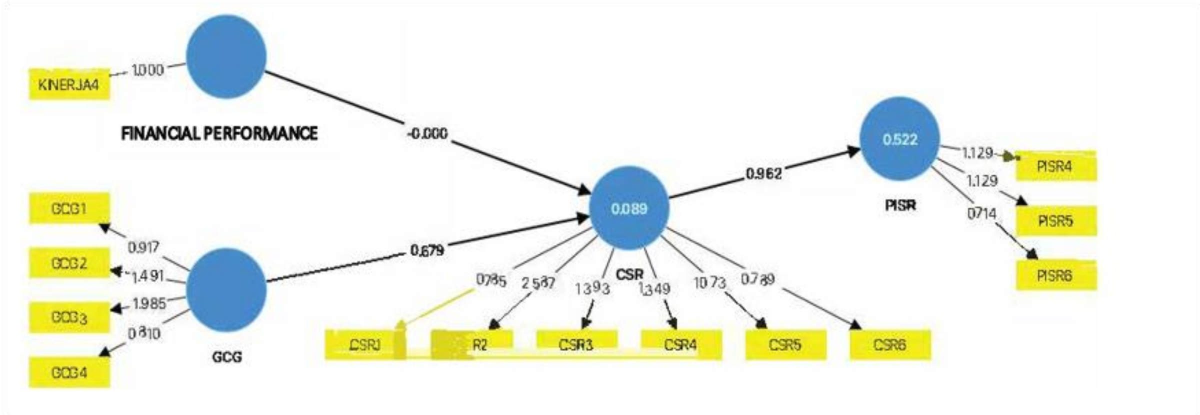

Figure 1. Structural Model

Figure 1 shows the results *of the internal model* that illustrates the structural relationship between Good Corporate Governance (GCG), Financial Performance, Corporate Social Responsibility (CSR), and Islamic Social Reporting (PISR). The coefficient of the path from GCG to CSR of 0.679 shows that the implementation of GCG has a positive effect on the implementation of CSR. The R^2 value in the CSR construct of 0.089 indicates that about 8.9% of the CSR variation can be explained by the combination of GCG and Financial Performance. The path from Financial Performance to CSR has a coefficient of –0.000, which practically indicates that there is no direct influence of financial performance on CSR. In contrast, CSR had a very strong effect on PISR with a path coefficient of 0.962 and an R^2 value of PISR of 0.522, which means that 52.2% of PISR variation was explained by CSR. These results confirm that CSR is the main determinant of improving the quality of Islamic Social Reporting, while Financial Performance hardly contributes directly to the formation of CSR and GCG plays an early driver that influences CSR.

a. **Analisis Path Coefficient**

Table 4. Path Coefficients Test Output

Mean, STDEV, T values, P values					
Variabel	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
CSR -> PISR	0,723	0,728	0,050	14,476	0,000
GCG -> CSR	0,238	0,308	0,140	1,698	0,089
FINANCIAL PERFORMANCE -> CSR	-0,155	-0,019	0,255	0,609	0,542

The influence of CSR on PISR

CSR has a positive and significant influence on PISR with a coefficient of 0.723; T-statistic 14,476; p-value 0.000. This shows that the higher the CSR disclosure, the higher the quality of the ISR produced by Islamic banks. These findings are consistent with Farook et al. (2011) who stated that CSR is a driver of transparency and ethical reporting in Islamic financial institutions.

In addition, these findings strengthen the theoretical argument that CSR in Islam is in line with maqasid al-shariah and serves as an instrument of social legitimacy (Dusuki & Abdullah, 2007; Suchman, 1995).

The Influence of GCG on CSR

GCG had a positive coefficient of 0.238 but was not significant (T = 1.698; p = 0.089). This means that the governance structure has not been able to encourage a strong increase in CSR implementation. This indicates that the existence of the board of directors, board of commissioners, and DPS has not fully played a strategic role in encouraging the bank's social activities. These results are in line with research that states that governance in Islamic banks still tends to be *compliance-oriented*, not *value-driven* (Grassa et al., 2018; Chapra & Ahmed, 2008).

The Influence of Financial Performance on CSR

The coefficient of financial performance to CSR was -0.155 with a p-value of 0.542, indicating no significant influence. These findings suggest that high or low NPFs do not determine the level of CSR disclosure. Islamic banks seem to carry out CSR based on ethical and regulatory principles, not based on financial conditions.

This finding differs from the view of Arshad et al. (2012) who stated that banks with better financial performance tend to contribute more to social programs. However, in the Indonesian context, this result can be explained by sharia obligations that make CSR not dependent on profitability.

b. R-Square Analysis

Table 5. R-Square Test Output

Overview		
CSR	0,089	0,052
PISR	0,522	0,513

An R^2 value of 0.089 indicates that GCG and financial performance are only able to explain 8.9% of CSR variations. This suggests that there are other factors that are more dominant in influencing CSR, such as internal ethical commitments, regulations, or organizational culture.

CSR is able to explain 52.2% of PISR variations, which means that CSR is a major and powerful factor in increasing ISR disclosure. This strengthens the theoretical argument that CSR and ISR are closely related and come from the same goal—namely increasing social accountability based on Islamic principles (Haniffa, 2002; Dusuki & Abdullah, 2007).

c. F-Square Review

Table 6. F-Square Test Output

Matrix				
	CSR	**GCG**	**FINANCIALPERFORMANCE**	**PISR**
CSR				1,093
GCG	0,061			
FINANCIALPERFORMANCE	0,026			
PISR				

CSR has a great effect on PISR. The > value of 1 is an indication that CSR is a highly influential variable and is the main driver of the quality of ISR. GCG on CSR has a small effect, reinforcing the results of *the path analysis* that governance has not been a strong factor in encouraging CSR implementation. In addition, the effect of Financial Performance on CSR is very small and insignificant, indicating that financing risk conditions do not affect CSR activities.

The results of this study provide a comprehensive understanding of the relationship between Good Corporate Governance (GCG), financial performance, Corporate Social Responsibility (CSR), and Islamic Social Reporting (ISR) in Islamic commercial banks in Indonesia. Through the analysis of PLS-SEM, this study succeeded in revealing the central role of CSR in improving the quality of ISR disclosure, while showing the limitations of the role of GCG and financial performance in encouraging CSR implementation.

The most prominent finding in this study is that CSR has a very strong and significant influence on ISR. This is reflected in the high value of the path coefficient and the very large F-square value, which confirms that CSR is a major factor in improving the quality of sharia-based social reporting. Conceptually, these findings can be explained by the intrinsic alignment between CSR and ISR, where both are equally rooted in the values of transparency, accountability, and social responsibility that are in line with the principles of maqasid al-shariah. In the context of Islamic banking, CSR is not seen as an optional managerial activity, but rather as a moral and religious obligation inherent in Islamic entities. Therefore, the stronger the commitment of Islamic banks to CSR, the higher the quality of ISR disclosures produced. These findings reinforce previous literature that affirms that CSR is the main driver of Islamic social reporting, not just a complement to governance (Haniffa, 2002; Dusuki & Abdullah, 2007; Farook et al., 2011).

On the other hand, the results showed that GCG did not have a significant influence on CSR, although the direction of the relationship showed a positive trend. These findings indicate that the formal governance structure in Islamic banks which includes the board of directors, the board of commissioners, and the Islamic Supervisory Board has not fully functioned as a strategic driver in the implementation of CSR. Practically, this shows that governance in Islamic banking still tends to be oriented towards formal compliance with regulations, rather than on the substantive internalization of social values and Islamic ethics. These findings are in line with the view that governance mechanisms in Islamic financial institutions are often compliance-oriented, so they have not been able to drive deeper social transformation through CSR (Chapra & Ahmed, 2008; Grassa et al., 2018).

Furthermore, financial performance proxied with Non Performing Financing (NPF) has also not been proven to have a significant effect on CSR. These findings show that the implementation and disclosure of CSR in Islamic banks does not depend on financial conditions or the level of financing risk. In other words, CSR is not carried out as a strategy determined by financial ability or economic efficiency, but rather as part of ethical demands, Islamic compliance, and social expectations. This result is different from the conventional view that links financial ability with the intensity of social activities (Arshad et al., 2012), but instead strengthens the Islamic perspective that views CSR as a religious obligation that does not depend on the level of profitability.

This study also found that CSR does not play a role as a moderation variable in the relationship between GCG and ISR. These findings confirm that CSR functions more as an independent factor that directly improves the quality of ISR, rather than as a mechanism that reinforces the influence of governance on social reporting. Thus, CSR plays a role as the main motor of ISR, while the role of GCG in increasing ISR through CSR is relatively limited. This indicates that the improvement of the quality of ISR in Islamic banking is more determined by ethical commitments and Islamic values internalized in CSR practices, rather than by structural governance mechanisms.

Overall, the synthesis of the findings of this study shows that the improvement of the quality of ISR in Islamic commercial banks in Indonesia is more influenced by moral and ethical commitments reflected in CSR practices than by structural factors such as formal governance and financial conditions. These findings provide a new understanding that sharia values and *maqasid al-shariah* have a more dominant role in shaping Islamic social reporting than economic and institutional factors alone.

In terms of theoretical contributions, this study enriches the literature on sharia accounting, CSR, and GCG by providing empirical evidence that CSR is the main determinant of ISR. These findings reinforce the relevance of Stakeholder Theory and Legitimacy Theory in the context of Islamic banking, where public legitimacy and social trust are strongly influenced by adherence to religious values and social responsibility. In addition, the insignificance of the influence of GCG and financial performance on CSR opens up room for further study on the effectiveness of internal governance and the strategic role of the Sharia Supervisory Board in encouraging a Islamic-based social culture.

The practical implications of this study are aimed at Islamic banking practitioners and regulators. Islamic banks need to place CSR as a strategic element in the business model, not just a reporting obligation. Strengthening CSR programs will have a direct impact on improving the quality of ISR as an indicator of public trust. On the regulatory side, OJK and DSN-MUI need to consider the preparation of more comprehensive and uniform ISR guidelines, as well as strengthen the role of the Sharia Supervisory Board so that Islamic governance does not only focus on formal compliance, but also on ethical values and social benefits.

In the future, governments and financial authorities can consider providing incentives for banks that demonstrate superior CSR and SRR performance, such as public awards or administrative ease, to encourage a deeper integration of sharia values in business strategies. Further research is suggested to explore other factors that affect ISR, such as the effectiveness of the Sharia Supervisory Board, sharia product innovation, digitization of social reporting, and the level of sharia financial literacy of the community, with a wider coverage of longitudinal data.

5. CONCLUSION

This study concludes that Corporate Social Responsibility (CSR) is the main factor that determines the quality of Islamic Social Reporting (ISR) in Islamic commercial banks in Indonesia. Empirical results show that CSR has a positive and significant effect on ISR, which indicates that the stronger the implementation of CSR, the higher the level of Islamic-based social transparency and accountability reflected in ISR reporting. These findings confirm that CSR plays a role as the main driver of ISR, not just a supporting activity in Islamic banking governance.

On the other hand, Good Corporate Governance (GCG) and financial performance have not been proven to have a significant effect on CSR. This shows that the implementation of CSR in Islamic banks is not determined by formal governance structures or financial conditions, but rather influenced by ethical commitments and Islamic obligations inherent in the operations of Islamic financial institutions. In addition, CSR also does not play a role as a moderation variable in the relationship between GCG and ISR, so CSR functions as an independent determinant in improving the quality of ISR, not as a mechanism that strengthens the influence of governance on social reporting.

Overall, this study confirms that improving the quality of ISR in Islamic banks in Indonesia depends more on the internalization of moral values and Islamic principles through CSR practices than on structural factors of governance or economic performance. These findings provide empirical evidence that social accountability in Islamic banking is driven more by the values of *maqasid al-shariah* than by financial interests alone. Therefore, strengthening the integration of

CSR in the framework of Islamic governance and the preparation of more comprehensive ISR guidelines is important to improve the quality and consistency of Islamic bank social reporting in Indonesia.

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