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The Moderation of Financial Performance in the Phenomenon of Firm Value

Achmad Soediro[*]
Media Kusumawardani[†]
Fadhilah Dwinanda[‡]
Muhammad Farhan[§]

Abstract

This study examines the effects of Islamic social reporting (ISR), the independent board of commissioners (IBC), and capital structure on firm value, with financial performance as a moderator, using panel data from Indonesian Islamic commercial banks (2017–2021). Employing a quantitative analysis of annual reports from eight banks (40 observations), ISR was operationalized via an ISR index; IBC as the proportion of independent commissioners; capital structure by capital adequacy ratio (CAR); firm value by economic value added (EVA); and financial performance by profit sharing ratio (PSR) and return on assets (ROA). Multiple linear regression and moderated regression analyses show ISR significantly enhances firm value, while IBC and CAR have no direct significant effects. Moderation tests indicate PSR attenuates ISR's positive effect but strengthens CAR's influence on value; ROA amplifies ISR's effect and moderates the IBC–value relationship (weakening its impact), yet does not moderate CAR. Inclusion of moderators substantially improves explanatory power. The findings highlight that substantive Islamic social disclosure, in tandem with financial performance metrics, plays a pivotal role in value creation within Islamic banking.

Keywords: Islamic social reporting, independent board of commissioners, capital structure, financial performance, firm value, Islamic banking.

I. INTRODUCTION

The establishment of Islamic banking in Indonesia is currently receiving a positive response from the public. According to data reported by the Indonesian financial services authority (OJK), the number of financing customers and third party funds (TPF) in Islamic banking in 2021 reached 35 million, an increase of around 4.6 million compared to 2020. It indicated that Islamic banking needs to be reviewed better in terms of firm value (FP) and management performance, so that Islamic banking can be better than conventional banks. In 2021, Islamic banking is one of the sectors that has experienced positive business growth amid the pandemic that has hit the world. Derived from the data released by OJK, it shows that the total assets owned by Islamic commercial banks reached around IDR 441.789 trillion in December 2021 (Otoritas Jasa Keuangan, 2021).

[*] Lecturer in the accounting department. Faculty of Economics, Universitas Sriwijaya, Inderalaya, Indonesia. Jl. Raya Palembang - Prabumulih Km. 32 Indralaya, Ogan Ilir, Sumatera Selatan 30662. E-mail: achmadsoediro@fe.unsri.ac.id.

[†] Lecturer in the accounting department. Faculty of Economics, Universitas Sriwijaya, Inderalaya, Indonesia. E-mail: mediakusumawardani@fe.unsri.ac.id.

[‡] Student in the accounting department. Faculty of Economics, Universitas Sriwijaya, Inderalaya, Indonesia. E-mail: 01031381924148@student.unsri.ac.id.

[§] Lecturer in the accounting department. Faculty of Economics, Universitas Sriwijaya, Inderalaya, Indonesia. E-mail: muhammadfarhan@fe.unsri.ac.id.

Islamic banking with a large amount of total assets will get more attention from investors and other users of financial information, and make management more flexible in managing and using available assets to increase firm value (FV).

The FV is shaped by various elements, including corporate social responsibility (CSR). The disclosure of CSR in Islamic financial institutions should be based on Islamic principles or better known as Islamic social reporting (ISR). ISR is an answer to the limitations of conventional social reports. It is because the concept of ISR is not only focused on moral and material aspects, but also equipped with spiritual elements (Haniffa, 2002). Nindita (2019) and Raditya et al. (2019) revealed that ISR can affect the increase in FV. It shows that ISR improves the company's reputation which in turn can increase the FV. Meanwhile, according to Setiawan et al. (2019) some companies sometimes do not put enough attention to ISR disclosure. It is due to the considerable expenses associated with ISR disclosure for companies.

The IBC is also one of the factors that can affect the FV. Sahara et al. (2020) explains that with an independent board of commissioners (IBC), the company will undergo effective supervision, so it can minimize the fraud committed by management in the company's financial reporting. Meanwhile, Prakoso (2020) revealed that the IBC has no positive effect on FV. In addition, optimizing the capital structure (CS) is crucial for enhancing a company's performance and productivity, the financial policies made by companies related to CS aim to optimize FV. According to Agustin et al. (2022) and Utami (2022) revealed that CS has a beneficial impact on FV. Whereas research Kurniadiantoyo and Kurnia (2022) revealed that CS has no effect on FV. With the research gap between ISR, IBC, and CS on the FV of Islamic commercial banks, this study adds moderating variables because it is suspected that there are other variables that can influence either enhance or diminish the relationship between ISR, IBC, and CS on FV. The moderating factor considered in this study is the financial performance (FP). FP is a major and very vital factor in assessing the enterprise's overall performance. FP can show a fairly close relationship to whether the company is healthy or not. If the FV is good, then this is a reflection of good FP.

The research aims to contribute to the understanding that Islamic banking can increase FV in terms of economic value added with ISR, IBC, CS, and FP. In addition, this study uses sharia theory as the basis for analyzing the impact between the variables studied, namely the use of Islamic worldview theory, *maqashid sharia,* and sharia enterprise theory. The theories that are used assess the impact of the variables studied in terms of sharia, both in terms of the essence of wealth, soul and religion. The concept of this theory is very important to be applied to Islamic banking because it is an important basis for the sustainability of Islamic institutions related to the implementation of sharia compliance, because it contains the values of justice, honesty, truth, trust, and accountability.

II. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1. Literature Review

The Islamic worldview is a perspective on life or an ideology of living. A worldview serves as models of reality as well as models for action because it explains the nature of everything and provides mental blueprints that can guide every behavior (Muslih et al., 2018). The Islamic worldview is based on faith that determines human attitudes in the midst of existential reality. The Islamic worldview can shape an Islamic economy with principles and its main goal is to seek the pleasure of Allah. According to Imam Asy-Syathibi, maqashid syar'iah consists of two words, namely maqashid and syari'ah. The word maqashid is the plural form of maqashad, which means purpose and goal. Meanwhile, syari'ah can be interpreted as the laws of Allah established as a guide for humans to achieve happiness in both this world and the hereafter. Thus, it can be concluded that maqashid syar'iah is the goals of Islamic law contained in every rule and law set by Allah. The purpose of Islamic law, in essence, is to preserve the well-being of humans and avoid harm (Sulaeman, 2018). Sharia enterprise theory (SET) positions Allah as the highest stakeholder with the aim of increasing awareness and piety among its users. The second stakeholder according to SET is humans. Humans are divided into two groups, namely direct stakeholders and indirect stakeholders. Furthermore, the third stakeholder according to SET is nature. Nature is a party that contributes to the life or death of a company, but nature does not demand the distribution of well-being like humans. Therefore, the tangible form of well-being distribution needed by nature is by preserving its sustainability (Triyuwono, 2007).

2.2. Hypotheses Development

2.2.1. ISR and FV

ISR is a non-financial activity that requires substantial funding for its implementation. Therefore, companies are required to maximize their FV to attract investors to allocate their funds in the business. The implementation of ISR programs can lead to increased consumer loyalty to the company (Sutapa & Laksito, 2018).

Hypothesis 1: ISR has a positive impact on FV.

2.2.2. Independent board of commissioners and FV

IBC is responsible for encouraging and ensuring that corporate governance principles are effectively implemented. IBC is regarded as the most robust internal control mechanism responsible for supervising top management policies and conducting monitoring duties to improve FV. This statement aligns with research findings (Yunistiawati et al., 2022).

Hypothesis 2: IBC has a positive impact on FV.

2.2.3. CS and FV

CS is crucial for a company because its quality can directly affect the company's financials and, consequently, its FV. Every company aims for an optimal CS that minimizes capital costs and maximizes FV (Apandi & Maliki, 2022). This statement is consistent with research (Hirdinis, 2019).

Hypothesis 3: CS has a positive impact on FV.

2.2.4. FP on ISR and FV

One aspect of a company's value is reflected in its FP. When a company aims to report social activities effectively, it should be supported by strong FP. Funding for ISR disclosure typically comes from the firm's net profit, so when the business's FP improves, it can engage in ISR reporting that enhances FV. This aligns with research findings (Suharto et al., 2022).

Hypothesis 4: FP can moderate the impact of ISR on FV

2.2.5. FP on IBS and FV

The presence of independent commissioners in a company aims to achieve objectivity, fairness, independence, and act as a balance in protecting the company's interests. According to Munifah et al. (2022) strong company performance accompanied by rigorous financial reporting supervision leads to better financial report quality, increasing investor trust in investing in the company.

Hypothesis 5: FP can moderate the impact of IBC on FV.

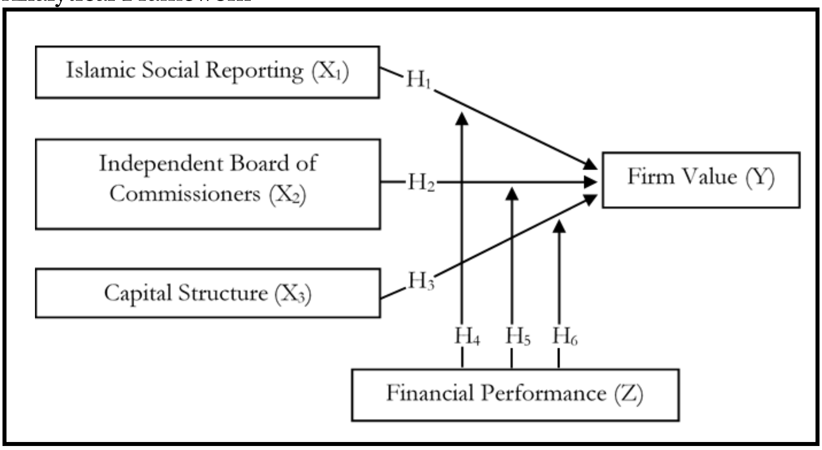
2.2.6. FP on CS and FV

According to (Nursito, 2019), their research found that FP can moderate the impact of CS on FV. Through optimal CS management, a company can reduce future financial risks, optimizing its FP. This, in turn, increases investor and stakeholder trust, leading to enhanced FV.

Hypothesis 6: FP can moderate the impact of CS on FV.

Based on the theoretical foundation above, the research analysis framework is constructed as follows:

Figure 1
Analytical Framework



III. RESEARCH METHODOLOGY

The study employs a quantitative methodology, using secondary data in the form of annual reports. The population is Islamic commercial banks (ICB) registered at the financial services authority (OJK) for the 2017-2021 with a total of 13 ICB. The sample was selected using purposive sampling method, so that a sample of 8 ICB was obtained, comprising Bank Syariah Indonesia, Bank Muamalat Indonesia, Bank Panin Dubai Syariah, Bank Victoria Syariah, Bank Mega Syariah, BCA Syariah, Bank Bukopin Syariah, and Bank Jabar Banten Syariah. ISR disclosure is identified using the ISR index. The ISR index refers to previous studies by Haniffa (2002); Haniffa and Hudaib (2007); and Othman et al. (2009). ISR values are obtained from the results of content analysis of the annual report. This analysis uses a scoring method based on the ISR index which consists of 6 disclosure terms, specifically encompassing the aspects of funding and investment; products and services; employees; community; environment; and corporate governance. The terms were developed into 48 statement items. The IBC in this study is measured using the proportion of the number of independent commissioners who come from outside the board of commissioners or from outside the Islamic Commercial Bank, then it compared to the total board of commissioners. Meanwhile, the CS is measured using the capital adequacy ratio (CAR). The measurement of FV is using economic value added (EVA). EVA is used as a company assessment which focuses on the assessment of value creation for the company. Utilizing EVA for calculations is anticipated to yield more accurate results for assessing a company's economic value. It is because EVA is determined by considering the cost of capital calculated using market values, particularly those of shareholders, rather than relying on historical book values. According to Arsita and Diana (2021) the components of EVA calculation are:

EVA= NOPAT-Capital Charge 1

Where:

NOPAT (Net Operating After Tax)= Net Profit After Tax+Interest Expense

Capital Charges= WACCxInvested Capital

Invested Capital = Total of liabilities+Shirkah funds+Total of equity-Short-term liabilities

WACC = {(Dxrd) (1-Tax)+(Exre)}

a. Capital Level (D) $= \frac{\text{Total of liabilities +Shirkah funds}}{\text{Total of Account Payable+Equity}} \text{ x } 100\%$

b. Cost of Debt (rd) $= \frac{\text{Interest Expense}}{\text{Total of Liabilities+Shirkah funds}} \text{ x } 100\%$

c. Equity Level (E) $= \frac{\text{Total of Equity}}{\text{Total of Pasiva}} \text{ x } 100\%$

d. Cost of Equity (re) $= \frac{\text{Net profit after tax}}{\text{Total Equity}} \text{ x } 100\%$

e. Tax Rate (Tax) $= \frac{\text{Tax Expense}}{\text{Net profit after tax}} \text{ x } 100\%$

FP is measured using financial ratios in the form of Profit Sharing Ratio (PSR) which refers to Hameed et al. (2004) The PSR which aims to identify the FP of Islamic banks through profit sharing financing over other financing. In addition, it also uses other financial ratios such as Return on Asset (ROA). ROA provides an overview of the state of profit earned by banks, if the ratio is constantly improving, it means that the company's FP is also improving.

Data processing in this study used a statistical software program with analytical methods in the form of multiple linear regression and Moderated Regression Analysis. The regression model in this study is formulated as follows:

EVA= $\alpha+\beta_1$ISR+β_2IBC+β_3CAR+e 2

EVA= $\alpha+\beta_1$ISR+β_2IBC+β_3CAR+β_4PSR+β_5ISR*PSR+β_6IBC*PSR +β_7CAR*PSR+e 3

EVA= $\alpha+\beta_1$ISR+β_2IBC+β_3CAR+β_4ROA+β_5ISR*ROA+β_6IBC*ROA +β_7CAR*ROA+e 4

Prior to conducting the regression test, a preliminary classic assumption test is performed, followed by hypothesis testing. The aim of this hypothesis testing is to assess whether ISR, IBC, and CS have an impact on FV, with F) acting as a moderating variable.

IV. RESULTS AND DISCUSSIONS

4.1. Results

Table 1. displays the findings of the descriptive statistics such as the minimum and maximum of each research variable, namely the ISR variable has a minimum value of 0.6042 and a maximum value of 0.8958, the IBC variable 0.50 and 1.00, the CS variable (CAR) 0.1151 and 0.4526, the PSR variable 0.1415 and 0.9551, the ROA variable -0.1077 and 0.0408, and the FV variable (EVA) -46.191 billion and 1.446 billion.

Table 1
Descriptive Statistics Test Results

Variable	N	Minimum	Maximum	Mean	Std. Deviation
ISR	40	.6042	.8958	.794790	.0757070
IBC	40	.50	1.00	.6925	.13004
CAR	40	.1151	.4526	.221250	.0754671
PSR	40	.1415	.9551	.560838	.2266672
ROA	40	-.1077	.0408	-.000607	.0260482
EVA	40	-4.6191E+10	1.446E+12	3.205E+11	4.650E+11

4.1.1. Classical assumption test

Conducting the classic assumption test is essential to prevent any bias in the estimation. It is because not all data can be regressed. Based on Table 2 in the normality test column, it shows a significant value of 0.053, which is a value >0.05 so it can be interpreted that the residual data in the regression model follows a normal distribution. In the autocorrelation test column shows that the significant Asymp.sig value is 0.078 or greater than 0.05. It can be concluded that the regression model in this study is free or there is no autocorrelation problem. In the heteroscedasticity test column for the ISR variable is 0.984, IBC is 0.352, CAR is 0.862, PSR is 0.477, and ROA is 0.469. So based on the results of a significant value that is more than 0.05, it shows that the data are free from heteroscedasticity. While in the multicollinearity test column for the ISR, IBC, CAR, PSR, and ROA variables have a tolerance value above 0.1 and the VIF value is below 10. Based on the results, it can be inferred that the regression model in this study does not exhibit symptoms of multicollinearity.

Table 2
Classical Assumption Test

Normality Test	Autocorrelation Test		Heteroscedasticity Test	Multicollinearity Test	
Asymp. Sig. (K. Smirnov)	Asymp. Sig. (Runs Test)	Variable	Sig. (Spearman Rho)	Tolerance	VIF
0.053	0.078	**ISR**	0.984	0.856	1.169
		IBC	0.352	0.816	1.226
		CAR	0.862	0.788	1.270
		PSR	0.477	0.646	1.547
		ROA	0.469	0.794	1.259

4.1.2. Multiple linear regression analysis

The data analysis method to test the hypothesis uses multiple regression

Table 3
Multiple Linear Regression Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.692E+12	7.751E+11		-2.101	.043
	ISR	3.221E+12	8.146E+11	.524	3.954	.000
	IBC	-3,882E+11	4.787E+11	-.109	-.811	.423
	CAR	-1.545E+12	8.190E+11	-.251	-1.886	.067

Coefficients[a]

Notes: [a] dependent Variable: EVA

4.1.3. Moderated regression analysis (MRA) test

This study uses moderation variables where the analysis test uses Moderated Regression Analysis (MRA).

Table 4
Moderated Regression Analysis (PSR) Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.159E+13	2.658E+12		-4.360	.000
	ISR	1.618E+13	2.744E+12	2.634	5.897	.000

To be continued Table 4

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	**IBC**	1.126E+12	1.156E+12	.315	.974	.337
	CAR	-7.987E+12	3.111E+12	-1.296	-2.568	.015
	PSR	1.487E+13	3.927E+12	7.248	3.787	.001
	ISR.PSR	-2.016E+13	3.949E+12	-7.416	-5.105	.000
	IBC.PSR	-2.157E+12	2.433E+12	-.715	-.886	.382
	CAR.PSR	1.092E+13	4.622E+12	1.803	2.363	.024

Notes: [a] dependent variable= EVA

Table 5
Moderated Regression Analysis (ROA) Test Results

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	**(Constant)**	-1.776E+12	8.228E+11		-2.159	.038
	ISR	2.582E+12	8.001E+11	.420	3.223	.003
	IBC	5.791E+11	6.938E+11	.162	.835	.410
	CAR	-1.314E+12	8.552E+11	-.213	-1.536	.134
	ROA	-8.833E+13	7.039E+13	-4.948	-1.255	.219
	ISR.ROA	2.016E+14	9.825E+13	8.996	2.052	.048
	IBC.ROA	-7.722E+13	3.706E+13	-3.052	-2.083	.045
	CAR.ROA	-7.798E+13	5.479E+13	-.842	-1.423	.164

Notes: [a] dependent variable= EVA

4.1.4. Hypothesis test: Statistical test t (partial test)

Based on Table 3, the ISR variable has a significant value <0.05, which is 0.000. These findings suggest that the ISR variable has a noteworthy impact on FV. IBC variable has a significant value> 0.05, which is worth 0.423. These results indicate that IBC does not affect FV. In contrast, the CS (CAR) variable exhibits a significant value of 0.067. The results show that CS does not affect FV.

In Table 4 MRA testing when PSR is interacted with ISR that PSR is able to moderate ISR on FV, with a sig value of 0.000. When PSR is interacted with IBC, it proves that PSR has not been able to moderate IBC on FV, with a significant value of 0.382. On the other hand, when PSR is interacted with CAR, it indicates that PSR moderates the impact of CS (CAR) on FV, showing a significant value of 0.024.

Furthermore, in Table 5, MRA testing for the moderating variable of FP proxied by ROA shows a significant value of 0.219. When ROA is interacted with ISR, it displays a substantial value of 0.048. This proves that ROA moderates the effect of ISR on FV. When ROA is interacted with IBC, it shows a significant value of 0.045. It proves that ROA moderates the effect of IBC on FV. However, when ROA is interacted with CAR, it demonstrates that ROA has not been effective in moderating the impact of CS on FV.

Table 6
Result of the Hypothesis Test

	Hypothesis	Regression Coefficient	t-Value	p-Value	Notes
H_1	ISR → EVA	3.221E+12	3.954	0.000	Significantly Positive
H_2	IBC → EVA	-3.882E+11	-0.811	0.423	Not Significant
H_3	CAR → EVA	-1.545E+12	0.067	0.067	Not Significant
H_4	ISR*PSR → EVA	-2.106E+13	-5.105	0.000	Moderating
	ISR*ROA → EVA	2.016E+14	2.052	0.048	Not Moderating
H_5	IBC*PSR → EVA	-2.157E+12	-0.886	0.382	Not Moderating
	IBC*ROA → EVA	-7.722E+13	-2.083	0.045	Moderating
H_6	CAR*PSR → EVA	1.092E+13	2.363	0.024	Moderating
	CAR*ROA → EVA	-7.798E+13	-1.423	0.164	Not Moderating

4.1.5. Hypothesis test: test coefficient of determination (R^2)

The coefficient of determination (R^2) is used to measure the magnitude of the ability of variables that can affect the dependent variable (Ghozali, 2018). A small R^2 value suggests that the independent variables have limited capacity to explain the variation in the dependent variable. Based on the data in Table 7, it shows that the adjusted R square value (R^2) is 0.324 or 32.4%. It indicates that the independent variables (ISR, IBC and CS proxied by CAR) affect the dependent variable (FV) only by 32.4%, meaning that the remaining 67.6% comes from other variables outside of the independent variables used.

Table 7
Results of the Coefficient of Determination (R^2) Model 1

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.613[a]	.376	.324	3.824E+11

Note: [a] predictors= (Constant), CAR, ISR, IBC.

Based on Table 8. below, if added with the moderation variable of FP proxied by PSR, the adjusted R square value (R^2) increases by about 29.3%, namely to 61.7%. It indicates that, following the moderation of PSR and interaction, the independent variables can account for 61.7% of the variation in the dependent variable.

Table 8
Results of the Coefficient of Determination (R^2) Model 2

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
2	.828[a]	.686	.617	2.878E+11

Notes: [a] predictors= (Constant), ISR, IBC, CAR, PSR, ISR.PSR, IBC.PSR, CAR.PSR.

Meanwhile, if the model includes the interaction of the independent variables with the moderating variable (ROA) as in Table 9, then the adjusted R^2 increases by about 14.6% from model 1, which is 0.470 or 47%, so it can show that ISR, IBC, CS, FP (ROA) and the interaction of moderating variables can explain the value of the company by 47% and the remaining 53% is influenced by other variables outside the model.

Table 9
Results of the Coefficient of Determination (R^2) Model 3

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
3	.752[a]	.565	.470	3.386E+11

Notes: [a] predictors= (Constant), ISR, IBC, CAR, ROA, ISR.ROA, IBC.ROA, CAR.ROA.

4.2. Discussions

4.2.1. The effect of ISR on FV

Derived from the findings of the study, it shows that the independent variable ISR has a positive and significant effect on FV. This proves that the existence of ISR carried out by ICB has a relationship with FV, means the better the ISR practices carried out by ICB, the higher the FV will be. Because the ISR practices carried out by ICB can improve image and reputation, thus having an impact on FV. This is in line with research Nindita (2019); and Pratomo and Nugrahanti (2022). The Islamic worldview regards corporate social responsibility as a paradigm for implementing an ethical economy, aiming to achieve shared prosperity. The structure of the Islamic worldview on social responsibility (ISR) is to focus on 3 main dimensions, namely the perspective on the universe, the perspective on human nature and the perspective on the purpose of human life, namely carrying out a mission as khalifatullah on earth with various developments in its derivative dimensions which lead to Islamic accountability or Islamic responsibility (Maulamin, 2020). In terms of Sharia enterprise theory (SET), the extent to which corporate social responsibility is disclosed (ISR) based on sharia principles is important because it can increase the value of positivity and trust, especially for Muslims because it can ensure that Islamic banking not only prioritizes the stakeholder's interests but also prioritizes faith in Allah as the highest stakeholder. So that with the increase in positive value, it indicates that ICB contributes added value to enhance the company's worth.

4.2.2. The effect of IBC on FV

The IBC variable has a negative but insignificant effect on FV. The results of this study indicate that the proportion of the number of independent commissioners in an Islamic bank cannot guarantee an increase in FV. This can occur because the independent commissioner only serves only as a controller who is not involved directly in every operational activity so that it is not considered to have a significant effect on FV. This result is in line with research Ibrahim and Muthohar (2019). Sharia enterprise theory which states that all actions must be based on the metaphor of trust, namely maintaining the trust that has been given by Allah with the principle of prudence in every decision making. However, based on the results of the study, the increase in the number of independent commissioners in Islamic banks may simply be to comply with the regulation. That is the existence of an IBC is regulated in the provisions of the regulation no. 55/POJK.03/2016 by the financial services authority concerning the implementation of governance for Commercial Banks. It stated that the IBC is required to be at least 50% of the total number of members of the board of commissioners.

4.2.3. The effect of CS on FV

The independent variable of CS proxied by CAR has no effect on FV. The findings of this study suggest that CAR does not impact FV, this can occur because of the financial services authority regulation number 21/POJK.03/2014, which pertains to the minimum capital provision obligations for Islamic commercial banks, specifies that banks must maintain a minimum capital of 8%. If the CAR value is high, it indicates that the bank can finance its operational activities, which can be profitable and contribute to profitability. So that it can lead to banks being able to provide reserve funds to comply with the provisions in the fulfillment of minimum capital besides anticipating the emergence of credit risk. A prudent investment policy by the bank can affect the value of the company. Therefore, even though the bank has a high capital and CAR level, if it is not balanced with the distribution of funds and good investment, then it does not affect the company's value much. The findings align with Fitria and Irkhami (2021); and Wijayati and Pradana (2022) which states that CS has a negative and minor effect on FV.

Islamic bank capital should not come from sharia-prohibited sources, because this can result in the mixing of the halal with the haram. Islamic worldview considers capital in Islamic banks by taking attention to how it is acquired, what it is sourced from and what it will be used for. In this regard, Islamic banking is required to comply with the sharia principles that have been established from the time the bank was established until its operational activities run, including the capital aspect. Based on observations, the source of capital from Islamic banks consists of core capital and complementary capital derived from halal funds, but fulfilling the obligations in providing capital cannot guarantee an increase in FV.

4.2.4. The effect of FP in moderating ISR on FV

PSR is able to moderate but weaken the influence of ISR on FV. Meanwhile, when the moderating variable of FP is measured by ROA, it shows that ROA moderates and strengthens the connection between ISR and FV. It can be interpreted that FP is one of the aspects used to evaluate the overall condition of the company, indicating whether it is in a favorable or unfavorable state. If the company's FP increases, it shows that the company has sufficient funds to disclose social responsibility information. It aligns with the findings of Rahmini and Rofiuddin (2022) which states that FP is able to moderate but weaken the influence of ISR on FV. It appears that the outcomes of this study are consistent with Suharto et al. (2022) which reveals that ROA when interacted with ISR is able to strengthen the influence of ISR on FV. Indeed, a strong FP can enable a company to effectively fulfill its social responsibility. When a company excels in social responsibility efforts, it contributes to achieving a harmonious balance in its operations. This result is also supported by the existence of sharia enterprise theory which requires Islamic banks to carry out any activity based on sharia principles, because it has been explained that the form of responsibility of Islamic commercial banks is not only to stakeholders, but more importantly, it is responsible to Allah. Moreover, Islamic banks also have responsibilities that must be fulfilled to environment and society. If sharia principles have been applied by the bank, then corporate governance will also be better so as to make the bank's performance healthier and can realize benefits for the company, society and also environment which will be a positive value for the company so that it contributes to the increase in the company's value.

4.2.5. The effect of FP in moderating the IBC on FV

PSR has not demonstrated the ability to moderate the impact of IBC on FV. It can be interpreted that the company's ability to improve FP in the form of PSR cannot affect the relationship between the IBC and FV. This can be caused by one of the duties of independent commissioners controlling company activities where monitoring of these activities has an impact on controlling the company's FP, so that FP cannot moderate independent commissioners on FV. These results are in line with Wardhani (2019) and Simamora and Djajanti (2022).

In terms of the protection of religion (hifzud dien), PSR as a profit-sharing activity based on an agreed contract as a form of maintaining Islamic law when doing business. In terms of protection of the soul, PSR is important for Islamic banking, because psychologically and sociologically the use of contracts can lead humans to respect each other and maintain the trust given. So that at the time of profit sharing, there is transparency between the benefits obtained for the parties involved. Meanwhile, when FP is measured by ROA, it shows that ROA is able to moderate but weaken the influence of IBC on FV. These results can be interpreted that with the high FP of the company in the form of return on assets followed by a strict level of supervision by independent commissioners in financial reporting, the quality of financial reports will be better so that it can increase the trust of external parties. These results align with Munifah et al. (2022). From the essence of protection of property (hifzul maal), when the company is able to produce a good ROA as a measure to see the ability of banking assets to generate net income. Then, it can be interpreted that the protection of property in the form of assets is an effort that can be made by Islamic banks to maintain and preserve the bank's development for the better. When Islamic banks can protect assets, this cannot be separated from the role of humans as khalifatullah who are the most important part of the hierarchy of life. One of them is the role of independent commissioners in Islamic banking. The inclusion of independent commissioners is expected to ensure transparency in financial reporting, aiming for fairness to minority shareholders and other stakeholders.

4.2.6. The effect of FP in moderating the IBC on FV

The results showed that when FP is measured by PSR, it proves that PSR is able to moderate by strengthening the influence of CS (CAR) on FV. The interpretation of these results suggests that a stronger FP correlates with a positive impact on the company's overall value. The increase in profit-sharing financing in Islamic banks can indicate that there is an increase in revenue, the increased revenue of Islamic banks indicates that there is an increase in the profits earned by the bank. By effectively managing CS, the company can mitigate potential financial risks in the future, optimizing the company's FP. With an increase in FP, it can increase the trust of external parties so that it can have an impact on increasing FV. It is significant that the outcomes of this study are consistent with Nursito (2019).

From the perspective of the Maqasid Sharia theory, which emphasizes the preservation of property, life, and religion, PSR stands out as a crucial contract within the framework of financing contracts in Islamic banks. With the existence of PSR, it can provide fair benefits for the parties involved. PSR is a form of property maintenance with the use of financing contracts, so that banks are considered to be able to generate halal profits in terms of property essence. So that the better the FP of Islamic banking in terms of PSR, it can strengthen the influence of CS on FV. Because based on the essence of maintaining the soul, looking at the financing contract can increase the trust of external parties because it shows the bank's ability to carry out contracts in accordance with Islamic principles. The increasing trust of external parties can make the company's reputation better so that it can also have a positive impact on FV. Meanwhile, when the moderation variable of FP is measured by ROA, it shows that ROA has not been able to moderate the effect of CS on FV. This can happen because the profit is not kept by the bank in the form of reserve capital and the increased profit can also come from the bank's capital. While the increased CAR value can come from the owner's capital deposit so that it does not only come from profit only. In maqashid sharia theory, return on assets (ROA) describes the bank in protecting assets in the form of assets as an effort to improve banking development for the better. Islamic banks will strive to increase return on assets so that the level of profit received is higher and the company's position in terms of asset use will be better.

V. CONCLUSION

The study demonstrates that the ISR variable exerts a positive influence on FV. While the IBC and CS variables have no effect on FV. In the interaction with FP, the findings suggest that the variables measured by PSR and ROA are not entirely effective in moderating the variables under study. It indicates that PSR has the ability to moderate the impact of ISR on FV, although this moderation weakens the influence. On the other hand, in the interaction between ISR and ROA, the results indicate that ROA has the capacity to enhance the influence of ISR on FV. Furthermore, when PSR is interacted with IBC, it shows that PSR has not been able to moderate the influence of IBC on FV. In the interaction of IBC with ROA, it is revealed that ROA can moderate the impact of IBC on FV, but this moderation tends to weaken the influence. It also shows that when PSR is interacted with CAR, it indicates that PSR is able to strengthen the influence of CS on FV. Meanwhile, when CAR is interacted with ROA, it shows that ROA has not been able to moderate.

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