



The Influence of SDG Disclosure and Islamic Social Reporting on Islamic Ethical Responsibility and Maqasid Sharia Performance in Sharia Banks in Indonesia for the 2020–2025 Period

Sri Depi, Amiruddin and Asri Usman

Universitas Hasanuddin

Email: sridepi331995@gmail.com amiruddinj64@gmail.com asriophu@gmail.com

ARTICLE INFO

Keywords

Sustainability disclosure;
Social accountability;
Ethical responsibility;
Sharia performance;
Islamic banking

Manuscript Submission Story ID 534

Submitted on February 23, 2026, the manuscript underwent a revision (March 2, 2026) and peer review (March 25, 2026). Following the editor's decision on the same day, it was published on April 30, 2026.

ABSTRACT

This study examines the effect of SDGs Disclosure and Islamic Social Reporting (ISR) on Maqasid Sharia Performance with Islamic Ethical Responsibility as a mediating variable in Islamic banks in Indonesia during the 2020–2025 period. The research addresses the gap in integrating global sustainability frameworks with Islamic ethical principles in measuring sharia-based performance. The main objective of this study is to analyze the direct and indirect relationships between SDGs Disclosure, ISR, Islamic Ethical Responsibility, and Maqasid Sharia Performance. This research employed a quantitative explanatory approach using secondary data derived from annual reports of Islamic commercial banks, selected through purposive sampling. Data were analyzed using multiple linear regression and mediation testing with SPSS. The results show that SDGs Disclosure has a positive and significant effect on Islamic Ethical Responsibility, although with a relatively small contribution, and does not significantly affect Maqasid Sharia Performance. In contrast, Islamic Social Reporting has a strong positive and significant effect on both Islamic Ethical Responsibility and Maqasid Sharia Performance. Furthermore, Islamic Ethical Responsibility partially mediates the relationship between ISR and Maqasid Sharia Performance but does not effectively mediate the influence of SDGs Disclosure. These findings highlight that ISR plays a more substantial role than SDGs Disclosure in enhancing ethical responsibility and achieving maqasid-based performance. This study contributes to the development of Islamic accounting literature by integrating sustainability and sharia performance concepts, and provides practical implications for improving social reporting quality in Islamic banking.

1. Introduction

In recent years, global attention toward sustainability and corporate social responsibility has significantly increased, particularly following the establishment of the Sustainable Development Goals (SDGs) by the United Nations. The SDGs serve as a comprehensive framework that encourages organizations across sectors to integrate economic, social, and environmental dimensions into their operational and strategic activities. This paradigm shift reflects a broader transformation in how organizational performance is assessed, moving beyond purely financial indicators toward more holistic and sustainable measures. In this context, the financial sector, including Islamic

banking, plays a crucial role in supporting sustainable development by aligning its practices with global sustainability agendas.

Within the Islamic finance industry, the implementation of SDGs is not merely a response to global sustainability demands but is inherently aligned with the principles of *maqasid shariah*, which emphasize the protection and promotion of human welfare (*maslahah*). The concept of *maqasid shariah* extends beyond profit maximization to include broader socio-economic objectives such as justice, equity, and social well-being. Therefore, Islamic financial institutions are uniquely positioned to contribute to sustainable development by integrating ethical, social, and environmental

considerations into their operations (Harahap et al., 2023). This alignment suggests that Islamic banking has the potential to serve as a model for sustainable finance by bridging the gap between global sustainability frameworks and religious ethical principles.

At the national level, the development of Islamic banking in Indonesia has demonstrated a positive trajectory in terms of asset growth, financing expansion, and institutional development. Indonesia, as one of the largest Muslim-majority countries, has witnessed a steady increase in the adoption of Islamic financial services. However, despite this growth, a critical challenge remains: ensuring that the performance of Islamic banks is not solely evaluated based on financial metrics but also incorporates the principles of *maqasid shariah*. Traditional performance measurement systems often fail to capture the ethical and social dimensions that are central to Islamic finance, thereby limiting the ability of stakeholders to assess the true impact of Islamic banking institutions (Basmantra et al., 2023).

In addressing this challenge, disclosure practices such as SDGs Disclosure and Islamic Social Reporting (ISR) have emerged as important instruments for enhancing transparency, accountability, and ethical responsibility in Islamic financial institutions. SDGs Disclosure reflects the extent to which organizations align their activities with the SDGs framework, providing insights into their contributions to sustainable development. Meanwhile, Islamic Social Reporting serves as a reporting mechanism that integrates Islamic ethical values into corporate disclosures, emphasizing social justice, environmental stewardship, and compliance with sharia principles. Together, these reporting frameworks offer a more comprehensive view of organizational performance that encompasses both financial and non-financial aspects.

Despite the growing importance of SDGs Disclosure and ISR, existing studies have primarily examined these variables in isolation. Previous research has explored the relationship between ISR and corporate performance in Islamic institutions, as well as the impact of SDGs on sustainability performance. However, there remains a significant gap in the literature regarding the integration of these two constructs within a unified analytical

framework. More importantly, the role of Islamic Ethical Responsibility as a mediating mechanism in the relationship between SDGs Disclosure, ISR, and performance outcomes has received limited empirical attention, particularly within the context of Islamic banking in Indonesia.

Islamic Ethical Responsibility represents a critical dimension in understanding how ethical values influence organizational behavior and performance. It reflects the commitment of Islamic financial institutions to uphold ethical principles derived from sharia, including fairness, transparency, and accountability. As a mediating variable, Islamic Ethical Responsibility may provide deeper insights into how sustainability-oriented disclosures translate into improved performance outcomes. By incorporating this variable, the study aims to capture the underlying mechanisms through which SDGs Disclosure and ISR influence *maqasid sharia performance*, thereby offering a more nuanced understanding of the relationship between sustainability, ethics, and performance.

Furthermore, the measurement of performance based on *maqasid shariah* represents a paradigm shift in evaluating Islamic banking institutions. Unlike conventional performance metrics, which focus primarily on profitability and efficiency, *maqasid sharia performance* emphasizes the achievement of socio-economic objectives aligned with Islamic principles. This includes promoting social welfare, ensuring equitable distribution of wealth, and fostering economic justice. Therefore, integrating *maqasid sharia performance* into empirical research provides a more comprehensive framework for assessing the effectiveness of Islamic banking in achieving its broader objectives.

This study aims to examine the influence of SDGs Disclosure and Islamic Social Reporting on *maqasid sharia performance*, while also investigating the mediating role of Islamic Ethical Responsibility. By doing so, the study seeks to address the existing research gap and contribute to the development of a more integrated and holistic framework for understanding performance in Islamic banking. The use of recent data from the period 2020–2025 further enhances the relevance of the study, particularly in capturing the evolving dynamics of sustainability and ethical practices in the post-pandemic era.

From a theoretical perspective, this research contributes to the advancement of Islamic accounting and finance literature by integrating global sustainability concepts with Islamic ethical principles. It provides empirical evidence supporting the argument that sustainability and ethical responsibility are not separate constructs but are interconnected dimensions that jointly influence organizational performance. This integration also challenges the dominance of conventional financial performance metrics, advocating for a more inclusive approach that incorporates ethical and social considerations.

From a practical standpoint, the findings of this study are expected to provide valuable insights for regulators, policymakers, and practitioners in the Islamic banking sector. By highlighting the importance of SDGs Disclosure, ISR, and Islamic Ethical Responsibility, the study offers guidance on how to enhance reporting quality and align organizational practices with both global sustainability standards and Islamic principles. This, in turn, can strengthen stakeholder trust, improve transparency, and promote sustainable growth within the Islamic banking industry.

The novelty of this study lies in its integration of three key constructs—SDGs Disclosure, Islamic Social Reporting, and Islamic Ethical Responsibility—within a single empirical model to examine *maqasid sharia performance*. Unlike previous studies that have focused on individual relationships, this research adopts a comprehensive approach that captures the complex interactions between sustainability, ethics, and performance. Additionally, the use of recent data from Indonesian Islamic banks provides updated empirical evidence that reflects current industry practices and challenges.

In conclusion, this study responds to the growing need for a more comprehensive understanding of performance in Islamic banking by incorporating sustainability and ethical dimensions into the analysis. By bridging the gap between global sustainability frameworks and Islamic principles, the research offers a valuable contribution to both academic discourse and practical applications, paving the way for more inclusive and context-sensitive approaches to performance measurement in the Islamic finance industry.

2. Literature Review

2.1 Conceptual and Theoretical Foundations

This study is grounded in several key concepts and theoretical perspectives that explain the relationships among SDGs Disclosure, Islamic Social Reporting (ISR), Islamic Ethical Responsibility, and Maqasid Sharia Performance in Islamic banking institutions.

From a theoretical standpoint, this study adopts Stakeholder Theory, which posits bahwa organizations are accountable not only to shareholders but also to a broader range of stakeholders, including customers, employees, regulators, and society at large (Freeman, 1984). In the context of Islamic banking, this accountability extends beyond economic responsibilities to encompass social, environmental, and spiritual obligations. Therefore, SDGs Disclosure and ISR function as mechanisms through which Islamic banks demonstrate accountability and transparency to their stakeholders.

In addition, Legitimacy Theory provides a complementary perspective by suggesting that organizations seek to obtain and maintain legitimacy from society by aligning their operations with prevailing social norms and expectations. In this regard, the disclosure of SDGs and ISR can be viewed as strategic tools used by Islamic banks to signal compliance with both societal values and sharia principles (Basmantra et al., 2023). Through such disclosures, Islamic financial institutions aim to reinforce their legitimacy and sustain stakeholder trust.

The concept of Islamic Social Reporting (ISR) represents an extension of conventional Corporate Social Responsibility (CSR), tailored to align with Islamic principles. ISR encompasses economic, social, and spiritual dimensions, including compliance with Islamic law, the promotion of justice, and the enhancement of social welfare (Nusron & Diansari, 2021). Unlike traditional CSR, ISR integrates religious values into corporate reporting, thereby offering a more comprehensive framework for evaluating organizational responsibility.

Meanwhile, SDGs Disclosure refers to the extent to which organizations communicate their contributions toward achieving the Sustainable Development Goals (SDGs). This disclosure serves as an indicator of a company's commitment to

sustainable development and reflects its efforts to integrate environmental, social, and governance (ESG) considerations into its operations. In the context of Islamic banking, SDGs are inherently aligned with the principles of *maqasid syariah*, particularly in promoting social justice, economic equity, and societal well-being (Santoso & Raharjo, 2021).

Another critical concept in this study is Islamic Ethical Responsibility, which refers to ethical obligations grounded in Islamic values such as honesty (*sidiq*), justice (*adl*), trustworthiness (*amanah*), and transparency. These ethical principles play a crucial role in shaping organizational behavior and decision-making processes (Beekun & Badawi, 2005; Rizk, 2021). In this study, Islamic Ethical Responsibility is positioned as a mediating variable that strengthens the relationship between social disclosure practices and maqasid-based performance.

Finally, Maqasid Sharia Performance represents a multidimensional measure of performance in Islamic banking, extending beyond financial profitability to include the achievement of sharia objectives. These objectives encompass the preservation of religion, life, intellect, lineage, and wealth, reflecting a holistic approach to performance evaluation (Sholichah, 2022). As such, Maqasid Sharia Performance provides a more comprehensive framework for assessing the effectiveness of Islamic financial institutions in fulfilling their socio-economic and ethical responsibilities.

Based on these theoretical foundations, the relationships among the variables can be conceptualized as follows: SDGs Disclosure and ISR reflect the social and ethical accountability of Islamic banks, while Islamic Ethical Responsibility serves as an internal mechanism that reinforces the impact of these disclosures on Maqasid Sharia Performance.

2.2 Review of Empirical Studies

A growing body of empirical research has examined the relationship between social responsibility disclosures and organizational performance, particularly within the context of Islamic banking. Several studies have highlighted the positive impact of SDGs Disclosure on corporate sustainability performance. For instance,

Buallay et al. (2023) found that organizations with higher levels of SDGs Disclosure tend to exhibit improved sustainability outcomes. Similarly, Saxena et al. (2021) emphasized that transparency in sustainability reporting enhances stakeholder trust and organizational credibility.

Research on Islamic Social Reporting (ISR) has also produced largely consistent findings. Rizwanti et al. (2023) reported that ISR has a positive effect on both financial performance and corporate reputation in Islamic banks. This suggests that integrating Islamic values into corporate reporting can enhance stakeholder confidence and contribute to organizational success. However, other studies have found insignificant relationships, indicating inconsistencies in empirical findings. These mixed results suggest that the effectiveness of ISR may depend on contextual factors such as institutional environment, governance quality, and stakeholder expectations.

In terms of Islamic Ethical Responsibility, empirical research remains relatively limited. Existing studies, such as those by Almasradi (2024) and Maulita et al. (2023), suggest that Islamic ethical values can strengthen the relationship between social responsibility and organizational performance. However, the mediating role of Islamic Ethical Responsibility has not been extensively examined, particularly in empirical studies. This represents a significant gap in the literature that warrants further investigation.

Research on Maqasid Sharia Performance indicates that maqasid-based performance is influenced by various factors, including corporate governance, social disclosure, and institutional characteristics. Shalhoob (2025) found that social and governance disclosures play a significant role in enhancing maqasid-based performance in Islamic financial institutions. However, most studies have focused on internal organizational factors and have not fully integrated global sustainability indicators such as SDGs into the analysis.

Overall, while previous studies have examined the individual relationships among SDGs Disclosure, ISR, Islamic Ethical Responsibility, and Maqasid Sharia Performance, research that integrates these variables into a single comprehensive model remains scarce. This highlights the need for further empirical

investigation to better understand the interplay among these constructs.

2.3 Identification of the Research Gap

Based on the theoretical and empirical review, several research gaps can be identified. First, most prior studies have examined CSR or ISR independently, without integrating them with SDGs Disclosure in a comprehensive framework (ElAlfy et al., 2020). This fragmented approach limits the ability to understand how global sustainability initiatives interact with Islamic reporting practices.

Second, research on Maqasid Sharia Performance has largely focused on internal organizational variables, such as governance and financial indicators, with limited attention to global sustainability dimensions such as SDGs (Muhamad et al., 2022). This suggests a gap in integrating global and Islamic performance frameworks. Third, the mediating role of Islamic Ethical Responsibility remains underexplored in the literature. Although theoretically important, this variable has not been extensively tested as a mechanism linking social disclosures to maqasid-based performance (Finasih, 2023). Understanding this mediating role is crucial for explaining how ethical values influence organizational outcomes.

Fourth, the majority of previous studies have been conducted in specific geographical contexts, limiting their generalizability. There is a need for empirical research in different settings, particularly in Indonesia, which has a rapidly growing Islamic banking sector. The period of 2020–2025 is also significant, as it captures recent developments in sustainability practices and post-pandemic economic recovery. Therefore, this study addresses these gaps by integrating SDGs Disclosure, Islamic Social Reporting, and Islamic Ethical Responsibility into a unified model to examine their impact on Maqasid Sharia Performance.

2.4 Development of the Conceptual Framework

Based on the preceding discussion, this study develops a conceptual framework that explains the relationships among the key variables. SDGs Disclosure and Islamic Social Reporting are positioned as independent variables that reflect the sustainability and social responsibility practices of Islamic banks. These variables capture both global and Islamic dimensions of accountability, providing

a comprehensive view of organizational disclosure practices.

Islamic Ethical Responsibility is introduced as a mediating variable that explains how Islamic ethical values influence the relationship between social disclosure and performance. This variable captures the internalization of ethical principles within the organization and their impact on decision-making and behavior. Maqasid Sharia Performance is positioned as the dependent variable, representing the extent to which Islamic banks achieve their broader objectives in line with sharia principles. This includes not only financial performance but also social welfare, justice, and ethical responsibility.

Conceptually, the relationships among the variables can be described as follows:

1. SDGs Disclosure positively influences Maqasid Sharia Performance.
2. Islamic Social Reporting positively influences Maqasid Sharia Performance.
3. SDGs Disclosure positively influences Islamic Ethical Responsibility.
4. Islamic Social Reporting positively influences Islamic Ethical Responsibility.
5. Islamic Ethical Responsibility positively influences Maqasid Sharia Performance.
6. Islamic Ethical Responsibility mediates the relationship between SDGs Disclosure and ISR with Maqasid Sharia Performance.

This framework provides a comprehensive model for understanding how sustainability disclosures and Islamic ethical values interact to influence performance in Islamic banking institutions.

3. Research Methods

3.1 Research Design

This study employs a quantitative approach using an explanatory research design to examine the causal relationships among independent variables, mediating variables, and dependent variables. The explanatory design is appropriate for testing hypotheses and identifying the direction and strength of relationships between variables within a structured analytical framework. The data used in this study are numerical and derived from secondary sources, specifically the annual reports of Islamic commercial banks in Indonesia over the period

2020–2025. These reports provide comprehensive information related to sustainability disclosure, Islamic social reporting, ethical responsibility, and maqasid-based performance.

To analyze the relationships among variables, this study utilizes multiple linear regression analysis with a mediating variable approach. The statistical analysis is conducted using Statistical Package for the Social Sciences (SPSS). This method is selected because it enables the estimation of both direct and indirect effects of SDGs Disclosure and Islamic Social Reporting on Maqasid Sharia Performance, as well as the mediating role of Islamic Ethical Responsibility.

3.2 Research Context and Setting

This study is conducted within the Islamic banking sector in Indonesia during the period 2020–2025. The selection of this context is based on the strategic role of Islamic banks in implementing financial practices grounded in sharia principles, particularly in promoting social responsibility, ethical governance, and sustainable development. Islamic banks in Indonesia are expected to contribute not only to financial intermediation but also to the achievement of broader socio-economic objectives, including alignment with the Sustainable Development Goals (SDGs). Therefore, this context provides a relevant setting for examining how sustainability disclosures and Islamic ethical values influence maqasid-based performance.

The objects of this study are Islamic Commercial Banks (*Bank Umum Syariah*) that consistently publish annual reports and disclose relevant information regarding SDGs Disclosure, Islamic Social Reporting, Islamic Ethical Responsibility, and Maqasid Sharia Performance.

3.3 Population and Sample

The population of this study consists of all Islamic Commercial Banks operating in Indonesia during the period 2020–2025. The sampling technique used is purposive sampling, which involves selecting samples based on specific criteria relevant to the research objectives.

The criteria for sample selection are as follows:

1. Islamic Commercial Banks that consistently publish annual reports during the observation period (2020–2025).
2. Annual reports that contain sufficient information related to SDGs Disclosure, Islamic Social Reporting, Islamic Ethical Responsibility, and Maqasid Sharia Performance.

Based on these criteria, the selected sample includes the following banks:

No	Bank Code	Bank Name
1	BSI	Bank Syariah Indonesia
2	BMI	Bank Muamalat Indonesia
3	BTPN	BTPN Syariah
4	BCA	Bank Central Asia (Sharia Unit)
5	BAS	Bank Aceh Syariah
6	BJBS	Bank Jabar Banten Syariah
7	BPD	Regional Development Bank (Sharia)
8	BSB	Bank Syariah Bukopin
9	BMS	Bank Mega Syariah

The unit of analysis in this study is the annual report of each bank over six years, resulting in panel data observations that capture variations across both time and entities.

3.4 Data Analysis Techniques

The data analysis in this study is conducted using SPSS and involves several systematic stages:

1. **Descriptive Statistics**
Descriptive analysis is used to provide an overview of the data, including mean, minimum, maximum, and standard deviation values for each variable. This step helps to understand the general characteristics and distribution of the dataset.
2. **Classical Assumption Tests**
To ensure the validity of the regression model, several classical assumption tests are conducted:
 - **Normality Test:** To examine whether the data are normally distributed.
 - **Multicollinearity Test:** To detect correlations among independent variables.
 - **Heteroscedasticity Test:** To assess whether the variance of residuals is constant.
3. **Multiple Linear Regression Analysis**
Regression analysis is used to test the hypotheses

and examine the relationships among variables, including:

- The effect of SDGs Disclosure on Islamic Ethical Responsibility
- The effect of Islamic Social Reporting on Islamic Ethical Responsibility
- The effect of SDGs Disclosure on Maqasid Sharia Performance
- The effect of Islamic Social Reporting on Maqasid Sharia Performance
- The effect of Islamic Ethical Responsibility on Maqasid Sharia Performance

4. Mediation

Analysis

The mediating role of Islamic Ethical Responsibility is tested to determine whether it strengthens or explains the relationship between SDGs Disclosure and ISR on Maqasid Sharia Performance. This is assessed through indirect effect analysis within the regression framework.

5. Coefficient of Determination (R^2)

The coefficient of determination is used to measure the explanatory power of the independent variables in explaining variations in the dependent variable. A higher R^2 value indicates a stronger model.

3.5 Variable Measurement

To ensure clarity and consistency, the variables in this study are operationalized as follows:

- **SDGs Disclosure:** Measured using a disclosure index based on the extent to which banks report their contributions to SDGs indicators.
- **Islamic Social Reporting (ISR):** Measured using an ISR index that includes social,

environmental, and sharia compliance dimensions.

- **Islamic Ethical Responsibility:** Measured through indicators reflecting Islamic ethical values such as honesty, justice, accountability, and transparency.
- **Maqasid Sharia Performance:** Measured using maqasid-based performance indicators that capture socio-economic and ethical objectives in line with sharia principles.

Each variable is quantified using a scoring or index approach derived from content analysis of annual reports.

3.6 Research Procedure

The research is conducted through several systematic stages:

1. Identifying the research problem and formulating research objectives.
2. Determining the population and selecting samples based on predefined criteria.
3. Collecting annual reports of Islamic banks for the period 2020–2025.
4. Conducting content analysis to transform qualitative disclosures into quantitative indices.
5. Processing and analyzing the data using SPSS.
6. Interpreting the results and drawing conclusions based on empirical findings.

4. Results and Discussion

4.1 Research Result

a. The Effect of SDGs Disclosure on Islamic Ethical Responsibility

Table 2. Results of the analysis of the effect of SDGs Disclosure on IER

Variable	B	Std. Error	Beta	t	Sig.
Constant	0.884	0.039	–	22.702	0.000
SDGs Disclosure	1.206	0.057	0.015	10.105	0.017

Source: SPSS Data Processing Results Version 26

The test results indicate that SDGs Disclosure has a positive effect on Islamic Ethical Responsibility, with a regression coefficient value of 0.006 indicating a positive relationship direction. The significance value of 0.017 (<0.05) indicates that statistically SDGs Disclosure has a significant effect on Islamic Ethical Responsibility, although the magnitude of the effect, as indicated by the

coefficient of determination (R^2) of 0.000, is very small.

These findings suggest that the disclosure of Sustainable Development Goals (SDGs) in Islamic banks has begun to reflect a commitment to implementing Islamic ethical values, such as social responsibility, justice, and sustainability. However, the low R-square value indicates that variations in

Islamic Ethical Responsibility are not largely explained by SDGs Disclosure alone, suggesting that there are other more dominant factors influencing the implementation of Islamic ethics in Islamic banking operations.

This can be interpreted as indicating that the implementation of SDGs in Islamic banks is still

likely to be formalistic in nature or merely fulfilling regulatory requirements, and thus has not fully reflected the comprehensive internalization of Islamic ethical values.

b. The Effect of Islamic Social Reporting on Islamic Ethical Responsibility

Table 3. Results of the analysis of the effect of ISR on IER

Variable	B	Std. Error	Beta	t	Sig.
Constant	0.404	0.038	–	10.742	0.000
Islamic Social Reporting	0.579	0.045	0.872	12.869	0.000

Source: SPSS Data Processing Results Version 26

The results show that Islamic Social Reporting has a positive and significant effect on Islamic Ethical Responsibility, with a significance value of 0.000 (<0.05) and a beta coefficient value of 0.872. The coefficient of determination (R^2) value of 0.761 indicates that 76.1% of the variation in Islamic Ethical Responsibility can be explained by Islamic Social Reporting.

These findings indicate that the higher the level of disclosure of social responsibility based on Islamic principles, the stronger the implementation of Islamic ethical values in the operational activities of Islamic banks. Islamic Social Reporting reflects corporate transparency in disclosing social activities in accordance with sharia principles, such as justice,

trustworthiness (*amanah*), social concern, and responsibility toward society.

These findings reinforce that Islamic Social Reporting does not merely function as a communication tool to stakeholders, but also reflects the company's real commitment to comprehensively implementing Islamic ethical principles. Thus, Islamic Social Reporting becomes an important indicator in assessing the level of compliance with sharia ethics in Islamic financial institutions.

c. The Effect of SDGs Disclosure on Maqasid Sharia Performance

Table 5. Results of the analysis of the effect of SDGs Disclosure on MSP

Variable	B	Std. Error	Beta	t	Sig.
Constant	0.973	0.095	–	10.206	0.000
SDGs Disclosure	-0.119	0.139	-0.118	-0.860	0.394

Source: SPSS Data Processing Results Version 26

The test results indicate that SDGs Disclosure does not have a significant effect on Maqasid Sharia Performance, with a significance value of 0.394 (>0.05). The beta coefficient value of -0.118 indicates a negative relationship direction, although it is not statistically significant. The coefficient of determination (R^2) value of 0.014 indicates that only 1.4% of the variation in Maqasid Sharia Performance can be explained by SDGs Disclosure.

These findings indicate that the disclosure of SDGs in Islamic banks has not been able to directly improve the achievement of maqasid sharia

objectives, which include the protection of religion, life, intellect, lineage, and wealth. This may be due to the universal nature of SDGs indicators, which do not fully represent the spiritual dimensions and Islamic values underlying maqasid sharia. In addition, it is possible that the implementation of SDGs is still focused on economic and environmental sustainability aspects and has not been fully integrated with sharia objectives in enhancing holistic societal welfare.

d. The Effect of Islamic Social Reporting on Maqasid Sharia Performance

Table 4. Results of the analysis of the effect of ISR on MSP

Variable	B	Std. Error	Beta	t	Sig.
Constant	-0.296	0.094	–	-3.148	0.003
Islamic Social Reporting	1.423	0.112	0.869	12.673	0.000

Source: SPSS Data Processing Results Version 26

The results indicate that Islamic Social Reporting has a positive and significant effect on Maqasid Sharia Performance, with a significance value of 0.000 (<0.05) and a beta coefficient value of 0.869. The coefficient of determination (R^2) value of 0.755 indicates that 75.5% of the variation in Maqasid Sharia Performance can be explained by Islamic Social Reporting.

These findings indicate that the better the quality of social responsibility disclosure based on Islamic principles, the higher the level of achievement of maqasid sharia objectives in Islamic banks. Islamic Social Reporting reflects compliance with sharia principles that are not solely profit-oriented but also emphasize social justice, equitable wealth distribution, and moral responsibility toward society. Thus, Islamic Social Reporting can serve as an important instrument in enhancing social legitimacy and stakeholder trust in Islamic banks, while also demonstrating the institution's commitment to achieving maqasid sharia objectives sustainably.

4.2. Research Discussion

a. The Effect of SDGs Disclosure on Islamic Ethical Responsibility

The results indicate that SDGs Disclosure has a positive and significant effect on Islamic Ethical Responsibility, although the magnitude of the effect is relatively small. These findings suggest that the disclosure of information related to the Sustainable Development Goals (SDGs) has begun to reflect the company's ethical commitment in carrying out social responsibility in a sustainable manner. From the perspective of stakeholder theory, companies are required to provide transparent information regarding social and environmental activities as a form of accountability to stakeholders (Martins et al., 2021). SDGs Disclosure serves as a communication tool that demonstrates the company's effort to conduct business operations responsibly and sustainably.

However, the very small coefficient of determination indicates that the contribution of

SDGs Disclosure in explaining Islamic Ethical Responsibility remains limited. This suggests that the implementation of SDGs in Islamic banks may still be symbolic or administrative in nature and has not fully reflected the internalization of Islamic ethical values comprehensively. From the perspective of legitimacy theory (Suchman, 1995), companies tend to engage in social disclosure as an effort to gain public legitimacy, but this does not necessarily reflect substantive changes in business practices. Therefore, SDGs Disclosure has not yet become a primary indicator in assessing the level of sharia-based ethical responsibility.

These findings are consistent with previous studies indicating that sustainability disclosure does not necessarily directly reflect the implementation of Islamic ethical values within organizations (Shalhoob, 2025). This may be due to the global nature of SDGs indicators, which do not fully capture the spiritual dimensions inherent in Islamic Ethical Responsibility. Therefore, a stronger integration between global sustainability principles and maqasid sharia values is needed so that SDGs Disclosure can contribute more significantly to Islamic ethics in Islamic financial institutions.

b The Effect of Islamic Social Reporting on Islamic Ethical Responsibility

The results indicate that Islamic Social Reporting has a positive and significant effect on Islamic Ethical Responsibility, with a high coefficient of determination. These findings suggest that disclosure of social responsibility based on Islamic principles can enhance the implementation of Islamic ethical values in the operations of Islamic banks. Islamic Social Reporting emphasizes accountability not only to stakeholders but also to Allah SWT as a form of moral and spiritual responsibility (Cahya & Rohmah, 2019). Therefore, Islamic Social Reporting carries a stronger religious dimension compared to conventional social reporting.

From the perspective of Sharia Enterprise Theory (Listyorini et al., 2024), Islamic

organizations are accountable not only to shareholders but also to society and the environment as a trust (*amanah*) from Allah SWT. Islamic Social Reporting reflects values such as justice, transparency, trustworthiness, and social concern, which are integral components of Islamic Ethical Responsibility. The high coefficient of determination indicates that Islamic-based social reporting practices can explain a large proportion of variations in ethical behavior within Islamic banks.

These findings are consistent with studies by Wijayanti and Setiawan (2022) and Ridwansyah and Mujahid (2025), which found that Islamic Social Reporting plays a significant role in enhancing social accountability in Islamic financial institutions. Additionally, research by Iskandar et al. (2023) shows that higher levels of ISR disclosure are associated with increased compliance with sharia principles. Thus, Islamic Social Reporting can be considered an important indicator in assessing the quality of Islamic ethical implementation in Islamic financial institutions.

c. The Effect of SDGs Disclosure on Maqasid Sharia Performance

The results indicate that SDGs Disclosure does not have a significant effect on Maqasid Sharia Performance. These findings suggest that the disclosure of SDGs indicators has not been able to directly improve the achievement of maqasid sharia objectives in Islamic banks. Maqasid sharia emphasizes the protection of five fundamental aspects: religion (*hifz al-din*), life (*hifz al-nafs*), intellect (*hifz al-aql*), lineage (*hifz al-nasl*), and wealth (*hifz al-mal*) (Chapra, 2008). The universal nature of SDGs indicators may not fully capture the spiritual and Islamic value dimensions underlying maqasid sharia.

From the perspective of legitimacy theory, companies tend to disclose sustainability information as a response to external pressures and global regulatory demands (Hummel & Jobst, 2024). However, such disclosure does not necessarily reflect substantive improvements in achieving maqasid sharia objectives. This indicates that the implementation of SDGs in Islamic banks may still be oriented toward reputation and regulatory compliance rather than serving as a primary instrument for achieving sharia objectives.

These findings are consistent with Sofya and Puteri (2024), who argue that maqasid sharia-based

performance measurement requires indicators that specifically reflect Islamic values. Therefore, stronger conceptual integration between SDGs and maqasid sharia is needed to ensure that global sustainability indicators align with Islamic objectives in enhancing comprehensive societal welfare.

d. The Effect of Islamic Social Reporting on Maqasid Sharia Performance

The results indicate that Islamic Social Reporting has a positive and significant effect on Maqasid Sharia Performance. This suggests that social responsibility disclosure based on Islamic principles significantly contributes to the achievement of maqasid sharia objectives. Islamic Social Reporting reflects the company's commitment to social justice, equitable wealth distribution, and moral responsibility toward society. From the perspective of maqasid sharia, the primary objective of economic activities is to promote welfare (*maslahah*) and prevent harm (*mafsadah*) (Maharani et al., 2025).

From the perspective of stakeholder theory, organizations that meet stakeholder expectations are more likely to gain stronger social legitimacy (Freeman, 1984). Islamic Social Reporting serves as a transparency mechanism demonstrating that Islamic banks are not solely profit-oriented but also consider social and spiritual aspects. The high coefficient of determination indicates that Islamic Social Reporting explains a substantial portion of the variation in Maqasid Sharia Performance.

These findings are consistent with Dusuki and Abdullah (2024), who argue that maqasid-based performance measurement is closely related to corporate social responsibility. Similarly, Wijayanti and Setiawan (2022) emphasize that Islamic Social Reporting plays a vital role in enhancing social accountability in Islamic financial institutions. Therefore, Islamic Social Reporting can be considered a strategic instrument in enhancing legitimacy, stakeholder trust, and the sustainable achievement of maqasid sharia objectives.

5. Conclusion

5.1 Summary of Key Findings

This study concludes that Islamic Social Reporting (ISR) plays a crucial role in enhancing both Islamic Ethical Responsibility and Maqasid Sharia Performance within Islamic banking

institutions in Indonesia. The empirical results demonstrate that ISR has a positive and significant effect on these two variables, indicating that a higher level of social responsibility disclosure based on Islamic principles leads to stronger implementation of Islamic ethical values and improved achievement of maqasid sharia objectives. Furthermore, SDGs Disclosure is found to have a positive and significant effect on Islamic Ethical Responsibility, although the magnitude of its influence remains relatively small. This suggests that while SDGs reporting reflects a commitment to sustainability, it has not yet fully captured or internalized Islamic ethical values within the operational practices of Islamic banks.

5.2 Theoretical Implications

From a theoretical perspective, this study contributes to the development of Islamic accounting and finance literature by integrating global sustainability concepts with Islamic ethical and maqasid-based performance frameworks. The findings support the argument that Islamic Social Reporting is more aligned with Islamic ethical values compared to SDGs Disclosure, as it directly incorporates sharia principles into corporate reporting practices.

Additionally, the role of Islamic Ethical Responsibility as an intervening variable reinforces the importance of ethical values as a mechanism linking social disclosure and performance outcomes. This highlights the need to expand existing theoretical frameworks by incorporating ethical and spiritual dimensions into performance evaluation models in Islamic financial institutions.

5.3 Practical Implications

Practically, the findings suggest that Islamic banks should prioritize the enhancement of Islamic Social Reporting as a strategic tool to strengthen ethical responsibility and achieve maqasid sharia objectives. While improving SDGs Disclosure remains important, greater emphasis should be placed on aligning sustainability practices with Islamic values to ensure meaningful implementation.

Regulators and policymakers are also encouraged to develop guidelines that integrate SDGs frameworks with maqasid sharia principles. Such integration can improve the relevance and

effectiveness of sustainability reporting in Islamic banking, thereby enhancing stakeholder trust and institutional credibility.

5.4 Limitations of the Study

This study has several limitations that should be acknowledged. First, the research focuses solely on Islamic commercial banks in Indonesia, which may limit the generalizability of the findings to other countries or financial systems with different regulatory and cultural contexts.

Second, the study relies on secondary data derived from annual reports, which may not fully capture the actual implementation of ethical values and sustainability practices within the organizations. Third, the measurement of SDGs Disclosure and Islamic Ethical Responsibility is based on disclosure indices, which may not entirely reflect the depth of internalization of these concepts in practice.

5.5 Recommendations for Future Research

Future research is recommended to expand the scope by including comparative studies across different countries or regions to better understand the role of cultural and institutional contexts in shaping Islamic banking performance.

Moreover, the use of mixed-method approaches, combining quantitative and qualitative data, may provide deeper insights into how Islamic ethical values are implemented in practice. Further studies are also encouraged to explore additional mediating or moderating variables, such as corporate governance, financial performance, and technological innovation, to enrich the understanding of factors influencing maqasid sharia performance.

Finally, future research should focus on developing integrated measurement frameworks that combine SDGs indicators with maqasid sharia principles to create a more holistic and contextually relevant performance evaluation model.

6. References

- Almasradi, R. B. (2024). Islamic Work Ethics and Employee Social Responsibility of Service Sector in Saudi Arabia Mediating Role of Organizational Identification. *Journal of Ecohumanism*, 3(7), 4574–4582. <https://doi.org/10.62754/joe.v3i7.4569>

- Basmantra, I. N., Günoğlu, B. K., Baykal, E., & Sanusi, Z. M. (2023). Maqasid Mastery: Unveiling Islamic Banks' Performance in Indonesia. *Proceedings of the International Conference in Technology, Humanities and Management (ICTHM 2023), 12-13 June, 2023, Istanbul, Turkey, 131*, 404–410. <https://doi.org/10.15405/epsbs.2023.11.33>
- Cahya, B. T., & Rohmah, F. (2019). Evolution of Islamic Social Reporting: Viewed From Islamic Position in the Continuum Social Responsibility. *Jurnal Ekonomi Dan Bisnis Islam (Journal of Islamic Economics and Business)*, 5(2), 196. <https://doi.org/10.20473/jebis.v5i2.15143>
- Chapra, M. U. (2008). The Islamic vision of development in the light of Maqasid al-shari'ah. *Islamic Research and Training Institute Islamic Development Bank Jeddah, DOI*, 10.
- Dusuki, A. W., & Abdullah, N. I. (2024). Maqasid al-Shari'ah, Maslahah, and Corporate Social Responsibility (2007). *American Journal of Islam and Society*, 41(1), 10–35. <https://doi.org/10.35632/ajis.v41i1.3417>
- ElAlfy, A., Palaschuk, N., El-Bassiouny, D., Wilson, J., & Weber, O. (2020). Scoping the evolution of corporate social responsibility (CSR) research in the sustainable development goals (SDGS) era. *Sustainability (Switzerland)*, 12(14). <https://doi.org/10.3390/su12145544>
- Finashih, N. (2023). *Pengaruh Tata Kelola terhadap Dana Zakat Bank Umum Syariah di Indonesia dengan Ukuran Perusahaan sebagai Variabel Moderasi*. Universitas Islam Indonesia.
- Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Pitman Boston, MA.
- Harahap, B., Risfandy, T., & Futri, I. N. (2023). Islamic Law, Islamic Finance, and Sustainable Development Goals: A Systematic Literature Review. *Sustainability (Switzerland)*, 15(8). <https://doi.org/10.3390/su15086626>
- Hummel, K., & Jobst, D. (2024). An Overview of Corporate Sustainability Reporting Legislation in the European Union. *Accounting in Europe*, 21(3), 320–355. <https://doi.org/10.1080/17449480.2024.2312145>
- Iskandar, R., Marlina, L., & Urna Fasihat, D. (2023). Islamic Social Reporting (ISR), Sharia Supervisory Board (SSB), and Financial Performance: Empirical Evidence on Islamic Banks in the GCC Region. *International Journal of Science, Technology & Management*, 4(4), 954–962. <https://doi.org/10.46729/ijstm.v4i4.865>
- Listyorini, I., Utami, R. D., Prasajo, P., & Amanda, A. S. (2024). The Role of Shariah Supervisory Board in Islamic Social Reporting Disclosure. *Journal of Accounting Auditing and Business*, 7(2), 23–35. <https://doi.org/10.24198/jaab.v7i2.53207>
- Maharani, D., Ramdani, M. F., Arsih, F. J., Fatrisia, I. N., Ahmadi, A., & FR, N. (2025). Systematic Literature Review atas Penerapan Islamic Social Reporting (ISR) pada Lembaga Keuangan Syariah di Indonesia. *Jurnal Ilmu Sosial Dan Humaniora*, 1(4), 1602–1614.
- Martins, A., Gomes, D., & Branco, M. C. (2021). Managing corporate social and environmental disclosure: An accountability vs impression management framework. *Sustainability (Switzerland)*, 13(1), 1–16. <https://doi.org/10.3390/su13010296>
- Maulita, N., Prasetyo, T. J., & Syaipudin, U. (2023). The effect of financial performance on islamic ethical identity disclosure of ASEAN sharia banks. *Asian Journal of Economics and Business Management*, 2(3), 343–350. <https://doi.org/10.53402/ajebm.v2i3.379>
- Muhamad, S. F., Zain, F. A. M., Samad, N. S. A., Azira, A. H., & Yasoa', M. R. (2022). Measuring Sustainable Performance of Islamic Banks: Integrating the principles of Environmental, Social and Governance (ESG) and Maqasid Shari'ah. *IOP Conference Series:*

Earth and Environmental Science, 1102(1).
<https://doi.org/10.1088/1755-1315/1102/1/012080>

Nusron, L. A., & Diansari, R. E. (2021). ISLAMIC SOCIAL REPORTING (ISR) PADA PERBANKAN SYARIAH DNusron, L. A., & Diansari, R. E. (2021). ISLAMIC SOCIAL REPORTING (ISR) PADA PERBANKAN SYARIAH DI INDONESIA. *Jurnal Ilmiah Ekonomi Dan Bisnis*, 18(1).I INDONESIA. *Jurnal Ilmiah Ekonomi Dan Bisnis*, 18(1)(1), 65–73.

Ridwansyah, R., & Mujahid, A. (2025). The Impact of Islamic Corporate Governance, Corporate Social Responsibility, and Sustainability Reporting on Financial Performance: A Quantitative Analysis of Islamic Banks in Asia (2017–2023). *Indonesian Journal of Islamic Economics and Finance*, 5(1), 15–28.
<https://doi.org/10.37680/ijief.v5i1.6883>

Rizwanti, J. D., Maknuun, L. II, & Yusri Aftian, R. (2023). Islamic Corporate Social Responsibility Effect on Financial Performance and Reputation In OJK-Listed Banks. *Invest Journal of Sharia & Economic Law*, 3(2), 203–223.
<https://doi.org/10.21154/invest.v3i2.5991>

Santoso, M. B., & Raharjo, S. T. (2021). Diskursus corporate social responsibility (CSR) dalam mewujudkan sustainable development goals (SDGs). *Share: Social Work Journal*, 11(2), 100–121.

Saxena, A., Ramaswamy, M., Beale, J., Marciniuk, D., & Smith, P. (2021). Striving for the United Nations (UN) Sustainable Development Goals (SDGs): what will it take? *Discover Sustainability*, 2(1). <https://doi.org/10.1007/s43621-021-00029-8>

Shalhoob, H. (2025). ESG Disclosure and Financial Performance: Survey Evidence from Accounting and Islamic Finance. *Sustainability (Switzerland)*, 17(4).
<https://doi.org/10.3390/su17041582>

Sholichah, I. U. (2022). Realisasi Maqashid Syariah Index (MSI) dalam menguji performa perbankan syariah di Indonesia. *Madani Syari'ah: Jurnal Pemikiran Perbankan Syariah*, 5(2), 141–151.

Sofya, N., & Puteri, H. E. (2024). Model Integrasi Environmental, Social And Governance Dan Maqashid Syari'ah Dalam Keberlanjutan Bank Syari'ah Indonesia Tahun 2020-2023. *Krigan: Journal of Management and Sharia Business*, 2(2), 190–203.

Wijayanti, R., & Setiawan, D. (2022). Social Reporting by Islamic Banks: The Role of Sharia Supervisory Board and the Effect on Firm Performance. *Sustainability (Switzerland)*, 14(17), 1–25.
<https://doi.org/10.3390/su141710965>