

DETERMINANTS OF ISLAMIC SUSTAINABILITY REPORTING DISCLOSURE IN ISLAMIC BANKING IN INDONESIA AND THE MIDDLE EAST A LITERATURE STUDYAinun Zamilah¹¹ Universitas Islam Negeri Kiai Haji Achmad Siddiq, Jember, Indonesia**Corresponding Author:**

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Abstract

This study investigates the determinants of reporting on the sustainability of Islamic banks in Indonesia and the Middle East by revealing trends, relationships, inconsistencies, and gaps in the literature from 2010 to 2020 through a literature review with a thematic approach to structured literature review. The analysis was conducted by dividing the results of the study into three categories of aspects of determinants: performance (financial performance, company performance, and company size); governance (corporate governance and ownership structure); and external determinants. The results of this study indicate that there is no significant difference in the determinants of the disclosure of sustainability reports between Islamic banks in Indonesia and Islamic banks in the Middle East. In general, from the financial performance and company performance variables, it can be concluded that it has a significant effect on the disclosure of sustainability reporting, based on governance aspects. In corporate governance, only the size of the board of commissioners can be concluded to be determinant in sustainability reporting, while the ownership structure variable is not strong enough to be the determinant of sustainability reporting. Governance, in general it can be concluded that both aggregate and partially have a significant effect on the disclosure of sustainability reports. Little of the literature specifically addresses sustainability; further research is expected to expand the research so that more resources and analysis space are wider and deeper.

Keywords: Determinant, Financial Performance, Islamic Governance, Islamic Sustainability Reporting, Literature Review



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INTRODUCTION

Discussions regarding financial reporting/disclosure and sustainability continue to be discussed. Reporting is how companies communicate with stakeholders. The diversity of stakeholders (e.g., employees, customers, suppliers, creditors, advocacy groups, public authorities) leads to diverse interests (e.g., economic, environmental, and social) (Hahn & Kühnen, 2013a), so management and governance are designed to achieve the goals of various stakeholders (Khan et al., 2010).

Research conducted by Khan (2010) shows that CSR practices in the banking sector are carried out by capturing various stakeholder perceptions. Good management practices have a strong relationship with CSP (Corporate Social Performance) because they can improve a company's relationships with its stakeholders, which in turn improves the company's financial performance (Waddock & Grave, 1997). Sustainability activities are seen as an important agenda to consider because they achieve sustainability not only for business companies but also for the sustainability of the environment in which they operate (Mutalib et al., 2014).

Subsequently, the literature gradually replaced sustainability reports with corporate social responsibility (CSR) reporting, which is narrower and dominated by the social dimension of sustainability, while also encompassing only the environmental and economic dimensions (Alshehhi et al., 2018), among the five commonly used dimensions (environmental, social, economic, labor & human rights, and product responsibility). Previously, the so-called environmental, social responsibility (CSR), or sustainability reporting formats used by companies were not based on a globally agreed framework, resulting in diverse reporting formats without uniformity or comparability.

Sustainability reporting standards differ significantly between companies due to differing institutional environments regarding the content and quality of reporting (Fortanier et al., 2011). Since sustainability reports primarily refer to a Western perspective, there will naturally be significant differences from a Sharia perspective (Ziauddin, S., 2003). Sharia compliance is required by companies offering Sharia-compliant products. Therefore, Sharia banking reporting standards must meet Sharia-compliant aspects. On the other hand, an Islamic Sustainability Report must integrate and encompass elements of governance, accountability, prioritization of activities, practices, and disclosure (Aman Z, 2016).

GRI is currently considered the global foundation for sustainability reporting. Sharia-compliant accounting, auditing, and reporting standards are based on the AAOIFI. However, disclosure practices still fall short of meeting GRI standards. Banking sustainability disclosures in Bangladesh show that reporting broadly covers social, labor, and environmental practices (Khan et al., 2010). Furthermore, disclosure of product responsibility and human rights information is rare in bank reporting. Regarding disclosures for the financial sector, only seven of the sixteen items are disclosed (H.-U.-Z. Khan et al., 2010). Research by Nobanee & Ellili (2017) indicates a low level of sustainability disclosure for all banks in the UAE, with an average index of 2.6%. They found that the level of sustainability disclosure for conventional banks is higher than for Islamic banks. The level of CSR disclosure and IRS of Islamic banks, based on the AAOIFI Index in GCC countries, is also relatively low (Harun et al., 2020).

In Indonesia, research by Septyan (2019a) shows that many Islamic banks focus more on financial reporting disclosures than on social disclosures to all stakeholders. Studies indicate

that the level of social information disclosure in Islamic banks in Indonesia remains low (Santoso & Dhiyaul-Haq, 2017). A study by Fitria (2010) also shows that social responsibility disclosure in several Islamic banks in Indonesia is still limited, reaching only 50% of the maximum score if all items are fully disclosed. This study aims to examine the determinants of sustainability report disclosure in Islamic banks in Indonesia and the Middle East by conducting a literature review on sustainability reporting, corporate social responsibility reporting, and social reporting in Islamic banks.

CSR disclosure plays a crucial role in business, including enhancing corporate transparency, enhancing corporate image, and providing useful information for investment decision-making (Gray et al., 1998). Numerous studies have examined the determinants of Islamic sustainability reporting, including Corporate Social Responsibility (Saha, 2019), Platonova et al., 2018, Hassan & Syafri Harahap, 2010, Khalil & O'sullivan, 2017), Arsad et al., 2014, Farook et al., 2011a, Zubek & Mashat, 2015, Harun et al., 2020, and Abduh & AlAgeely, 2015. Then there are studies on Sustainability Reporting (Kuzey & Uyar, 2017a), (M. H. U. Z. Khan et al., 2011), (Diouf & Boiral, 2017), (Alshehhi et al., 2018), (Ibrahim et al., 2015), (Aman, 2016), (Nobanee & Ellili, 2016). Furthermore, studies on Islamic Social Reporting (Wahyuni, 2018), (Mohamed, 2018), (Othman & Thani, 2010), (Nur Abdi Pratama et al., 2018), and (Lestari, 2013).

The above studies are mostly empirical, with various research focuses (sustainability, CSR, and Islamic Social Reporting) including index measurement, quality, and factor analysis. This study will conduct a comparative literature review between Islamic banking in Indonesia and the Middle East to determine the determinants of Islamic Sustainability Reporting disclosure.

This scientific study outlines the determinants of Islamic Sustainability Reporting in Indonesia and the Middle East between 2010 and 2020 and identifies research gaps that can serve as guidance and references for further research, expanding the body of literature on Islamic Sustainability Reporting in Indonesia and the Middle East, making it an interesting topic for further in-depth research.

RESEARCH METHOD

This study is a literature review using a thematic approach and a structured literature review. The aim is to uncover trends, relationships, inconsistencies, and gaps in the literature on the determinants of sustainability reporting in Indonesia and the Middle East. The research methodology is based on a research statement, which addresses the research topics discussed in the study "Determinants of Islamic Sustainability Reporting in Indonesia and the Middle East," the determinants of Islamic Sustainability Reporting in Indonesia and the Middle East, and the direction of future research related to the study of Determinants of Islamic Sustainability Reporting in Indonesia and the Middle East.

The sampling technique used non-probability sampling with systematic sampling techniques. The research sample was selected based on criteria such as primary reference sources from journals on Google Scholar, Scencedirect, Emerald Insight, and Tandfonline. Then, research articles were searched using keywords. The sample was then selected using a purposive sampling method with the following criteria: There are "sustainability", "reporting", "Islamic Bank", "Sharia Bank", "Reporting", "Sustainability", and research conducted in Indonesia, and Middle Eastern countries (Saudi Arabia; Bahrain; Iraq; Iran; Israel; Kuwait; Lebanon; Egypt; Oman; Qatar; Cyprus; Syria; Turkey; United Arab Emirates; Yemen; Jordan; Palestine; Northern Cyprus (only recognized by one country in the world)).

Based on the above criteria, the following samples were obtained (Table 1)

Table 1. Selection of research samples based on criteria

No.	Source	Keywords	Date	Number of articles	Sample
1	Google Scholar	Sustainability Reporting Islamic Bank	June 09, 2020	238	19
		Sustainability Reporting Bank Syariah		336	
2	Emerald	Disclosure Sustainability Reporting Islamic	June 11, 2020	2069	8
3	Taylor and Francis Online	Disclosure Sustainability Reporting Islamic Bank	June 14, 2020	2069	1
4	Science Direct	Disclosure Sustainability Reporting Islamic Bank	June 14, 2020	4791	11
5	Cambridge Core	Disclosure Sustainability Reporting Islamic Bank	June 14, 2020	233503	2
Relevant quantities are sampled					41

The data analysis process involves preparing articles that match the search keywords. Then selecting articles that match the following steps: First, the articles used only match the keywords, namely research on "Sustainability Reporting", "Islamic Bank / Sharia Bank", "Indonesia", and "Middle East", other than that theme must be excluded from the sample, then if writings are found that are not research journals, such as theses, theses, or unpublished papers, must be excluded from the sample, and sampling from several different citations so that there is a possibility that the same article is listed in various places. Therefore, articles that are duplicated in other situations must be excluded from the sample. Second, classifying research based on the year of publication (2010 - 2020) and research topic, Furthermore, after the selection, 41 journals were obtained written in the 2010-2020 period.

RESULTS AND DISCUSSION

Determinants of Sustainability Reporting in the Middle East and Indonesia Financial Performance and Company Size – Sustainability Reporting

Table 2 provides an overview of frequently investigated determinants of Islamic sustainability reporting in terms of financial performance and company performance. One parameter frequently used in financial performance is profitability (proxied by ROA/ROE). Companies with higher profits tend to experience policy interventions, including in social responsibility disclosure. This is consistent with research conducted by Lourenço et al. (2012), Hahn & Kühnen (2013b), Khalil & O'sullivan (2017), Platonova et al. (2018), and Ibrahim et al. (2015). Company performance, as measured by profitability, also influences ISR disclosure. Companies with strong (good) financial conditions face greater external pressure to disclose their social responsibility broadly. Companies with higher performance are required to be more active in disclosing reporting to stakeholders. Many studies have shown that financial performance plays a significant role in promoting and developing sustainability disclosure, including those by Artiach et al. (2010), Saha (2019), Santoso & Dhiyaul-Haq (2017), Septyan (2019b), and Anggraini & Wulan (2019). This fact occurs in Asian countries (Indonesia, Malaysia, Bangladesh), America, and several countries in the Middle East. However, there is a diversity of empirical results. Some companies with large profits tend to not carry out social activities and disclosure properly (Rahayu & Budi S., 2018, & Wahyuni, 2018). This is because the research was conducted on stock companies that are solely profit-oriented.

Table 2. General Overview of Determinants of Sustainability Reporting from the Aspects of Financial Performance, Company Performance, and Company Size

Variables	Dimension	Indicator	Description	Sources
Financial performance	Profitability	ROA/ROE	Sig	(Khalil & O'sullivan, 2017)
			No. Sig	(Wahyuni, 2018)
			Sig	(Platonova et al., 2018)
			Sig	(Saha, 2019)
			Sig	(Septyan, 2019b)
			Sig	(Nur Abdi Pratama et al., 2013a)
			No. Sig	(Rahayu & Budi S., 2018)
			Sig	(Santoso & Dhiyaul-Haq, 2017)
			Sig	(Hahn & Kühnen, 2013b)
			Sig	(Ibrahim et al., 2015)
			Sig	(Anggraini & Wulan, 2019)
			Sig	(Dewi & Putri, 2018)
			Sig	(Eksandy & Hakim, 2018)
			Sig	(Artiach et al., 2010)
Sig	(Lourenço et al., 2012)			
		Sig	(Lestari, 2013)	
	Debt Ratio	Leverage (Long-term debt to total assets)	Sig Sig Sig	Khalil & O'sullivan, 2017) (Platonova et al., 2018) (Nur Abdi Pratama et al., 2013a)
			Sig Sig	(Lourenço et al., 2012) (Anggraini & Wulan, 2019)
			No. Sig	(Eksandy & Hakim, 2018)
	Liquidity	Comparing total current assets to total liabilities Current ratio	No. Sig No. Sig No. Sig	(Wahyuni, 2018) (Dewi & Putri, 2018) (Kuzey & Uyar, 2017a)
	Capital Ratio	Equity capital compared to average total assets	Sig Sig No. Sig	(Platonova et al., 2018) (Clarkson et al., 2011) (Fortanier et al., 2011)
	Book Value of Equity	(BV)	Sig Sig Sig	(Farook et al., 2011a) (Lourenço et al., 2012) (Hahn & Kühnen, 2013b)
Company performance	Company Size	Identify the level of the company, whether large or small Number of human resources Total assets	Sig Sig Sig Sig Sig Sig	(Khalil & O'sullivan, 2017) (Wahyuni, 2018) (Platonova et al., 2018) (Septyan, 2019b) (Saha, 2019) (Nur Abdi Pratama et al., 2013a) (Rahayu & Budi S., 2018) (Santoso & Dhiyaul-Haq, 2017)

		V. K	(Hahn & Kühnen, 2013b)
		V. K	(Ibrahim et al., 2015)
		Sig	(Dewi & Putri, 2018)
		Sig	(Eksandy & Hakim, 2018)
		Sig	(Anggraini & Wulan, 2019);
		Sig	(Artiach et al., 2010)
		Sig	(Farook et al., 2011a)
		Sig	(Lourenço et al., 2012)
		Sig	(Kuzey & Uyar, 2017a)
		Sig	(Lestari, 2013)
	Company	No. Sig	(Khalil & O'sullivan, 2017)
	Age	No. Sig	(Wahyuni, 2018)
	Company Establishment	Sig	(Saha, 2019)
		No. Sig	(Lestari, 2013)

Description Sig.: Significant; No. Sig.: Not Significant; Sig. -: Significant negative.. VK: Control Variable

In addition to profitability, financial performance can also be measured by liquidity, capital ratios, book value of equity (BV), and debt ratios. However, these have received little academic attention. First, high liquidity or total debt tends to have a weak level of disclosure regarding sustainability reporting. This is consistent with research by Wahyuni (2018), Dewi & Putri (2018), and Kuzey & Uyar (2017a). Financial performance measured by liquidity does not differ between studies in Indonesia and the Middle East. Second, a high capital ratio is more effective in pursuing available business opportunities, is more flexible, and has the ability to cover unexpected losses (Athanasoglou et al., 2008). Empirical research examining this relationship is limited and yields mixed results. Platonova et al. (2018) and Clarkson et al. (2011) found a positive effect on sustainability reporting, while Fortanier et al. (2011) found a negative effect on sustainability reporting. Financial performance measurement using the capital ratio dimension is not used in Indonesia, but is used in Middle Eastern countries. Third, a higher book value of equity (BV) may imply a higher level of information asymmetry between the company and investors regarding intangible assets and future growth prospects, which may encourage reporting activities to help investors predict future financial performance. This is consistent with research by Hahn & Kühnen (2013b), Lourenço et al. (2012), and Farook et al. (2011a). Similar to the Capital Ratio, BV is also not used as a measure of financial performance in Indonesia, but in Middle Eastern and American countries, this measurement is used to measure a company's financial performance. Fourth, a higher debt ratio, measured as a consequence of unstable company performance, reduces the company's ability (cost) to disclose ISR (Lourenço et al., 2012; Platonova et al., 2018; Khalil & O'sullivan, 2017; Nur Abdi Pratama et al., 2013a; and Anggraini & Wulan, 2019), generally confirms this. There are no differences between research in Indonesia and that in Middle Eastern countries or the United States.

Company size (measured by total assets, human resources, and market capitalization) is assumed to be a factor in larger companies, leading to greater capital investment, which in turn leads to broader resources and demand for sustainability reporting to stakeholders. Several studies use company size as a control variable (Hahn & Kühnen, 2013b; Ibrahim et al., 2015). These empirical results suggest that social sustainability disclosures in Asian countries (Indonesia, Malaysia, and Bangladesh), the United States, and the Middle East use the company size dimension as a measure of company performance.

Company age does not influence social sustainability reporting (Khalil & O'sullivan, 2017; Wahyuni, 2018; and Lestari, 2013) in Indonesia and the Middle East, and there are no differences. However, research by Saha (2019) confirms this effect, as the study used a sample of conventional banks in Bangladesh. Research that does not support the age of the company

concerns Sharia banks, which are relatively new (compared to commercial banks) and whose existence is not widely known to the public. Unlike conventional banks, older banks are already well-known to the general public, and therefore, they are considered unnecessary to disclose ISR to enhance their reputation (Khalil & O'sullivan, 2017).

Corporate Governance, Ownership Structure and Islamic Governance

Table 3 shows that research on internal determinants of Islamic banking sustainability reporting includes aspects of corporate governance, Islamic Governance, and Ownership Structure.

Table 3. General Overview of Determinants of Sustainability Reporting Based on Governance Aspects

Independent Variables	Indicator	Description	Researchers		
Corporate Governance	Board Size	Number of board of directors	Sig Sig Sig Sig Sig No. Sig No. Sig	(Lestari, 2013) (Othman et al., 2009) (Anggraini & Wulan, 2019) (Othman et al., 2009) (Septyan, 2019a) (Lassoued, 2018) (Harun et al., 2020) (Abduh & AlAgeely, 2015)	
		Board Meet	Number of Board of Commissioners Meetings	No Sig.	(Harun et al., 2020)
		Board Composition	Board of Directors Composition Ratio	No Sig.	
		Board Cross		No Sig.	
		Board Gender		Sig. -	
		CEO Duality	The dummy variable is equal to 1 if the company leader is the same person as the company CEO, 0 otherwise	Sig. -	
		Audit Comitee Size		No. Sig.	
Audit Commitee Meet		No Sig.			
Independent Commissioner			Sig.	(Lassoued, 2018)	
			Sig.	(Abduh & AlAgeely, 2015)	
			V. K	(Nur Abdi Pratama et al.,	

		No. Sig.	2013b) (Mahboub, 2017)
	Board Leadership	No. Sig.	(Abduh & AlAgeely, 2015)
Ownership Structure / Constitutional Ownership	government ownership, family ownership, foreign ownership, and institutional ownership	Sig. No. Sig. Sig. Sig. Sig.	(Farook et al., 2011b) (Santoso & Dhiyaul-Haq, 2017) (Kuzey & Uyar, 2017b) (Khalil & O'sullivan, 2017) (Saha, 2019)
Islamic Governance	The existence of a Sharia Council Concurrent Position of the Sharia Board Sharia Council holds a Doctoral degree Number of Sharia Councils DPS reputation	Company Establishment Sig. Sig. Sig. Sig. No. Sig.	(Farook et al., 2011b) (Othman et al., 2009) (Dewi & Putri, 2018) (Lassoued, 2018) (Septyan, 2019a) (Anggraini & Wulan, 2019) (Astuti, 2019)

Description Sig.: Significant; No. Sig.: Not Significant; Sig. -: Significantly negative. VK: Control Variable

Corporate Governance

In general, corporate governance aspects are a key determinant of sustainability disclosure. However, the variables, dimensions, and indicators within these aspects remain debated, as research has yielded mixed results. Regarding corporate governance characteristics in sustainability disclosure, research indicates that board size significantly influences sustainability disclosure. This suggests that larger boards are more involved in social disclosure practices (Othman et al., 2009; Anggraini & Wulan, 2019; and Mahboub, 2017) and CSR activities (Harun et al., 2020) in Islamic banking in both the Middle East and Indonesia. However, research by Abduh & AlAgeely (2015) indicates that board size has no significant effect.

Several researchers have studied the relationship between board independence and sustainability reporting, with mixed results, both in the Middle East and Indonesia. Research by Abduh & AlAgeely (2015) in the Middle East showed a significant effect, while research by Mahboub (2017) showed an insignificant effect. On the other hand, Nur Abdi Pratama et al. (2018) used board independence as a moderating variable. Therefore, board independence cannot be concluded as a determinant of sustainability reporting disclosure, as the role of independent boards of commissioners in relatively large Islamic banks is considered ineffective, as the final decision rests with management.

Harun et al. (2020) found that CEO duality and audit committee size inversely affected sustainability disclosure, indicating disclosure disruption. A possible explanation for this finding is that the audit committee does not play an effective role in advising the board/management on sustainability practices. Meanwhile, the number of audit committee meetings was not significant, as there is insufficient evidence to suggest a positive relationship between audit committee meetings and sustainability disclosure practices. The limited number of studies using audit committees (number and frequency of meetings) as a variable, dimension, or indicator in sustainability disclosure is a limitation of this study. On the other hand, the audit committee is a determinant of financial reporting, both in terms of practice and reporting quality (Zgarni et al., 2016; Carrera et al., 2017; Erfiansyah & Kurnia, 2018).

Other corporate governance characteristics (Board Meetings; Board Composition; Board Cross-Board Gender) also have no significant relationship with sustainability reporting disclosure (Harun et al., 2020), and board leadership (Abduh & AlAgeely, 2015) also has an insignificant effect. Therefore, it can be concluded that the only determinant of sustainability disclosure is board size.

Ownership Structure

Institutional ownership is used as a determinant of sustainability report disclosure (Farook et al., 2011b; Santoso & Dhiyaul-Haq, 2017; Kuzey & Uyar, 2017b; Khalil & O'sullivan, 2017; and Harun et al., 2020), with various indicators: government ownership, family ownership, foreign ownership, and institutional ownership. Government ownership is considered to have a positive effect on sustainability reporting, as international literature finds a positive relationship between government intervention and CSR disclosure (Gray et al., 1995a; Guthrie and Parker, 1990). Disclosure is made due to the desire of management and shareholders to gain legitimacy from the public, which will impact the continued operations of Islamic commercial banks.

The aforementioned theory is supported by research by Farook et al. (2011b), Kuzey & Uyar (2017b), and Khalil & O'sullivan (2017) showed that ownership structure significantly influences sustainability report disclosure. On the other hand, Saha's (2019) research on Bangladeshi Islamic Banks showed that government ownership structure has a significant negative influence on Sustainability Report disclosure, which is inversely proportional to the above theory. Meanwhile, Santoso & Dhiyaul-Haq's (2017) research on Indonesian Islamic banks showed that ownership structure did not significantly influence the extent of disclosure, as was the case in GCC countries (Harun et al., 2020). Therefore, the structure variable cannot be concluded as a determinant of sustainability disclosure because the varying significance (significantly positive, significantly negative, and insignificant) of the research trends that have been conducted makes the ownership structure variable inconsistent.

Islamic Governance

A significant difference between Islamic and conventional banking is the mandatory Sharia aspects. The Sharia Board has social influence and authority in monitoring Sharia compliance in Islamic banks and instilling confidence in stakeholders regarding the legitimacy of business transactions (Harun et al., 2020). However, the extent to which the Sharia Board influences the level of sustainability disclosure depends on the Sharia Board's characteristics, such as the presence of the Sharia Board, the number of Sharia Board members, concurrent positions held by the Sharia Board, the reputation of the Sharia Supervisory Board, and whether the Sharia Board members hold doctoral degrees.

In general, Islamic governance significantly influences sustainability reporting practices in Islamic banking (Lassoued, 2018; Septyan, 2019a; Othman et al., 2009; Anggraini & Wulan, 2019; and Dewi & Putri, 2018). Partially, the number of sharia boards and the reputation of the sharia boards are not significant for sustainability disclosure in Islamic banking in the Middle

East (Astuti, 2019). Farook et al. (2011b) combined the above Islamic Governance dimensions into a score, forming the IG-SCORE. The results showed that, in aggregate, the combination of Islamic Governance dimensions (IG-SCORE) had a very significant effect, thus concluding that Islamic Governance is a determinant of sustainability reporting disclosure.

Determinants of Sustainability Reporting in the Middle East and Indonesia

Another factor (Table 4) influencing social sustainability reporting can be seen from the variable of religion, which is measured using the Muslim population in a country. This is consistent with research by Septyan (2019b) that the Muslim population influences disclosure. It is assumed that the large number of Muslims provides the availability of Sharia-compliant financial instruments as a basis for halal investment. However, this is not confirmed by Saha (2019) and Khalil & O'sullivan (2017). They argue that Sharia companies or banks have an obligation to disclose their social responsibility, and all religions teach about social values and welfare. Literature studies show differences in research in Indonesia and the Middle East.

Table 4. General Overview of Determinants of Sustainability Reporting Based on External Factors

Variables	Dimension	Indicator	Description	Sources
Religion		Muslim Population (community)	No. Sig. No. Sig. Sig.	(Khalil & O'sullivan, 2017) (Saha, 2019) (Septyan, 2019b)
Public Accounting Firm Size		Division of Big Four and Non-Big Four Accounting Firms	Sig.	(Septyan, 2019b)
Award		Awards	Sig.	(Santoso & Dhiyaul-Haq, 2017)
Politics	levels of political and civil repression	The overall PRCL composite index score is based on Gastil's work for the awarded country: 1 (freedom) to 14	Sig.	(Farook et al., 2011a)

The size of a Public Accounting Firm (KAP) influences disclosure. Audit quality, service provision, and knowledge of Sharia entities are evidenced by experience and relationships with Sharia institutions such as the AAOIFI, as evidenced by research by Septyan (2019b). However, these other factors are not measured in Middle Eastern countries.

Conversely, politics significantly influences sustainability reporting disclosure (Farook et al., 2011a). This indicates that Islamic banks in the Middle East are quite open in disclosing sustainability reporting to legitimize their existence, as evidenced by low levels of repression, making political variables significant. However, the limited literature using political variables as a measure and determinant of sustainability reporting makes this variable insufficiently robust to be concluded as a determinant of sustainability reporting.

Awards are identified as the number of awards for successful social disclosures awarded by the government or other institutions. Empirical results by Santoso & Dhiyaul-Haq (2017) indicate that awards influence social themes and corporate governance. This is because awards motivate Islamic bank management to be more transparent in disclosing information related to their social activities.

CONCLUSION

This study investigates the determinants of sustainability reporting by uncovering trends, relationships, inconsistencies, and gaps in the literature from 2010 to 2020 through a structured thematic literature review. The analysis was conducted by dividing the research findings into three categories: performance (financial performance, company performance, and company size); governance (corporate governance and ownership structure); and external determinants.

Based on the research results, the performance aspect is divided into two variable groups: financial performance and company performance. Regarding financial performance, measured by profitability (ROA), profitability (ROA) is the most influential determinant of sustainability reporting. The other four measures have received less academic attention. Financial performance, measured by book value of equity, yields consistent results across various samples and does not differ between studies in Indonesia and the Middle East. Financial performance, measured using the Debt Ratio and Capital Ratio, is also a determinant of sustainability reporting, although some studies have shown the Debt Ratio to be insignificant (Eksandy & Hakim, 2018) and the Capital Ratio (Fortanier et al., 2011). However, analysis results indicate that liquidity is inconsistent with sustainability disclosure, thus measuring financial performance using liquidity is not a strong enough determinant of sustainability reporting.

For the company performance variable, using company size has consistent results as a determinant of sustainability reporting in Indonesia and the Middle East. While measuring company age across the entire sample was not significant (Khalil & O'sullivan, 2017; Wahyuni, 2018; and Lestari, 2013). Therefore, in general, financial performance and company performance can be concluded to have a significant influence on sustainability reporting disclosure.

From a governance perspective, the variables are divided into three groups: corporate governance, ownership structure, and Islamic governance. Regarding corporate governance variables, only board size can be concluded as a determinant of sustainability reporting, although research indicates that board size is insignificant (Harun et al., 2020). CEO duality and the number of audit committees have negative significance, while the others are insignificant. Regarding ownership structure, trends indicate that the majority of Islamic banks (Indonesia) are government-owned (Santoso & Dhiyaul-Haq, 2017). However, analysis results indicate that the influence of ownership structure on sustainability disclosure is inconsistent, thus making the ownership structure variable insufficient to be a determinant of sustainability reporting. In general, Islamic governance variables can be concluded to have a significant effect, both aggregately and partially, on sustainability reporting disclosure.

The results of this study demonstrate a trend and add to the current literature on the determinants of sustainability reporting in Islamic banking. The limited research on sustainability [due to the trend in the literature replacing sustainability with the narrower CSR (Alshehhi et al., 2018)], particularly in Islamic banking, is a limitation of this study. The limited sample size, limited to Islamic banking in Indonesia and the Middle East, further limits resources and analytical scope. Future research is expected to utilize Islamic governance variables, maintain ownership structure to address existing literature gaps, and consider the selection of dimensions/indicators when using corporate governance variables for sustainability

report disclosures. Further research is expected to expand the research area or even expand globally, increasing resources and providing a broader and more in-depth analysis.

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