Research Article

Halal Lifestyle, Profitability, Size, Affects CSR as a Learning Process in Tawhidi Epistemology

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Abstract. The purpose of this research is to know Influence Halal Lifestyle, Profitability, Size of the Corporate Social Responsibility based Tawhidi Epistemology Approach. The method used in this research is quantitative research with descriptive data analysis techniques and secondary data. Secondary data is the result of panel analysis. The results of the study are from the results of panel data selected is the Random Effect Model with Eviews 9 software. From these results, it can be concluded that Halal Lifestyle has a significant effect on Corporate Social Responsibility, Profitability has a significant effect on Corporate Social Responsibility, and Company Size has a significant effect on Corporate Social Responsibility. Model Tawhidi string of relations based on the approach of the Qur'an and as-Sunnah with the suratic done in the form of interaction, integration and evolution (IIE), which makes a reciprocal relationship (circular causation) between the issues and make the flow of knowledge on the issues discussed in this study. In accordance with the objectives of sharia is to determine the effect of each variable against another thoroughly and proportionate, so that the learning process variable to one another are interconnected strong and being great, it can improve human welfare or as a function of welfare social good for the company, society, employees, government and investors.

Keywords: Halal Lifestyle, Size, Profitability, CSR, Learning Process, Tahwidi Epistemology

A. INTRODUCTION

In the last ten years, there has been an increase in the development of a modern and Islamic-oriented lifestyle in Indonesia. The development of a modern-oriented lifestyle and refers to Islamic values. The global Muslim population currently stands at 1.6 billion, or 25% of the world's population, which has topped 7 billion. The Muslim population is geographically distributed, with 56 Muslim majority countries accounting for 6.7 trillion dollars in GDP. Muslim consumers' potential may be seen in their global expenditure on food and lifestyle items, which is predicted to exceed $ 3.7 trillion in 2019. CSR practices in Indonesia are growing more robust, particularly after the implementation of Law No. 40 of 2007 on Limited Liability Companies (PT), specifically article 1 point 3, which requires PT that conduct business in the field and/or in connection with natural resources to practice CSR. Companies' CSR disclosure policies will vary according to their specific characteristics. According to Wallace et al. (1994), corporate characteristics can be classified according to the structure and performance of the firm. The implementation of this social responsibility function, which must be mentioned in the company's annual report, is regulated by Article 74 of Law No. 40 of 2007 (Article 66 paragraph 2c). CSR is also regulated under Law No. 25 of 2007 on Publicly Traded Enterprises Investment. The rule establishes an investor's commitment to CSR, respect the cultural traditions of the community in which investment
business activities are conducted, and adhere to all applicable laws and regulations. However, because these government regulations do not specify how and what information should be disclosed about CSR operations, disclosure of CSR information in Indonesia remains limited.

In essence, the largest responsibility for inclusive development rests on the shoulders of the government, its role as a policy maker, the government continues to seek ways to create more inclusive development in the welfare of society, as mandated in the 1945 Constitution. One of the ways that the government can do is to ensure that the parties the private sector also contributes to development. Through the CSR platform, the company's role in this is to ensure that its business practices do not cause social exclusion in the surrounding community. Furthermore, companies are responsible for minimizing and mitigating negative impacts on the physical and social environment around their operational areas.

CSR is becoming a more prevalent topic of discussion in the corporate world in Indonesia, where this gap phenomena is exacerbated by the global trend toward CSR practices in business. This can be demonstrated in the capital market through the development of an index that includes shares of companies who practice CSR. For example, the Dow Jones Sustainability Index (DJSI) is available on the New York Stock Exchange, the Social Responsible Investment (SRI) Index is available on the London Stock Exchange, and the Financial Times Stock Exchange (FTSE) offers FTSE4Good. This project has also garnered the attention of Asian stock market regulators, like the Hanseng Stock Exchange and the Singapore Exchange. And awareness of CSR is growing in Indonesia, as seen by the growing number of corporations disclosing CSR information in their annual financial reports and other publications. Additionally, the government adheres to requirements requiring transparency of CSR practices, as outlined in Law No. 40/40/2007 and corresponding Bapepam regulations. Included in this is the existence of the Indonesia Sustainability Reporting Award (ISRA Award, which can add value to a business's reputation (Fitria, 2010).

B. LITERATURE REVIEW

1. Halal

The meaning of halal refers to the texts in the Qur'an, halal means justified. The opposite is haram which means prohibited, or not justified according to Islamic law. However, if we have gone deeper there are several verses in the Koran that accommodate halal activities as stated in the text as follows: "O you who believe! Do not eat each other's wealth in a way that is false (not right), except by the way of trade which applies on a consensual basis between you. And don't kill yourself. Allah is most merciful to you." (Al-Quran An-Nisa: 29).

The concept of halal can provide guidance to Muslims in determining which products or services comply with Islamic law and norms. Understanding the concept of halal in food and beverages is explained comprehensively, so the meaning of halal food and drinks reflects goodness (thayyib) in every other aspect such as healthy, clean, hygienic, and morally correct. This will then make a person aware of the environment, so that it is environmentally friendly and cares about all of Allah's creation. The implication is that halal awareness can encourage a person to have a sense of morality in whatever he does.

Muslim customers use caution in their purchasing decisions to ensure that the things they buy are both Halal (lawful) and toyyib (excellent) in accordance with their religion (Wilson and Liu, 2011). Halal is a notion that is ingrained in the Muslim consumer's belief system and moral code of behavior. It pervades every aspect of Islamic life (Syrotuyk et al., 2018).
The term halal derives from the Arabic word for "permitted" and refers to a food standard for Muslims as specified in the Koran (Allah's Holy Book) (Wilson & Liu, 2010; Abd-Latif et al., 2014; Wilson, 2014; Yener, 2015; Abu Hussin et al., 2016). Haram, which meaning "forbidden, illegal, or prohibited" in Arabic, is the polar opposite of halal (Wilson & Liu, 2010). Consumption of exclusively Muslim religious obligations is prohibited for Muslims (Ali et al., 2017). Additionally, all foods are considered halal except those specifically prohibited by the Koran and Hadith of the Holy Prophet (PBUH) (Riaz & Chaudry, 2004; Awan et al., 2015).

Halal is an Arabic word that translates as permissible, whereas Haram translates as prohibited in English. Halal procedures relate to every aspect and activity of a Muslim's life, yet they are more than a religious requirement (Talib et al., 2015).

2. Lifestyle

According to Kotler and Keller (2012), a person's lifestyle is conveyed by their actions, interests, and opinions in the world. A person's lifestyle is defined by how they interact with their environment as a whole. The term "lifestyle" refers to an individual's overall pattern of behavior and interaction in the world.

Many people pay attention to the lifestyle model they will live. Through a lifestyle, a person will be able to show a reflection of his personality. Likewise for the Muslim ummah, whose life aspects have been regulated in Islamic teachings. So that a halal lifestyle for a Muslim is an obligation/necessity as a manifestation of the ideals of a Muslim.

Lifestyle can also be interpreted as a symbol of these artifacts with a visible intention of presenting the identity of a lifestyle. Thus, the lifestyle is patterned ways of investing certain aspects of life. Lifestyle characterizes the modern world because the world of modern lifestyle will help define an attitude, value, and show wealth and social position. So that lifestyle can be considered as an important project rather than leisure time.

3. Halal Lifestyle

Halal lifestyle according to the Muslim Judicial Halal Trust (MJCHT) is "the behavior of a person who is carried out in accordance with his/her ability, truthfully, honestly, with integrity, dignity, justice and does not deviate from Islamic teachings".

Halal lifestyle is a habit of people's lifestyle which is becoming a global trend and is starting to be implemented in various parts of the world. It is not only countries with Muslim populations that are trying to adopt this lifestyle, but countries with a non-Muslim majority are also competing to take this opportunity.

Halal lifestyle is a coherent parameter designed to maintain human health, safety and well-being. With a range of practices, the halal lifestyle offers Muslim-friendly versions of products and offers Muslim navigation on various themes such as food, cosmetics, pharmacy, logistics, clothing, finance, hospitality and banking. The demand for halal products has also increased significantly. Each Muslim consumer adheres to sharia to varying degrees and, depending on their level of religiosity, Muslim consumers generally have a favorable view toward products that adhere to the halal approach. (Salehudin & Mukhlis, 2012). This can provide an opportunity to create a halal lifestyle. Halal lifestyle consists of halal food, pharmaceutical, cosmetics, halal travel, Islamic finance, and halal media. Halal lifestyle is a market segment that is good enough to improve the economy.

The increase in value in halal industrial activities in Indonesia is also supported by an increasing awareness of the importance of consuming the halal industry sector of the Indonesian population, which is 12.7% of the world's Muslim population. This awareness is what ultimately changes the lifestyle of the consumption of manufactured goods. This change
has a significant impact on the trend of the halal lifestyle or halal lifestyle, which is a universal indicator so that it is accepted and followed by all people (Baharuddin, Kassim, Nordin, & Buyong, 2015).

The application of the halal lifestyle in Indonesia is still relatively low and requires more socialization to introduce the halal lifestyle. Socialization can be done by utilizing the sophistication of internet-based technology. This is evident from the Global Islamic Economic report, Indonesia is still in 10th place (ten) and far below Malaysia which has a smaller Muslim population. Indonesia's large market share makes halal lifestyle opportunities wide open. Some of the opportunities that already exist in Indonesia are through a variety of archipelago foods that use halal ingredients, various cosmetics that have obtained halal product certificates and BPOM certificates so that they can be consumed properly, and the Islamic financial world that uses a dual banking system this means that Indonesian residents can choose to use conventional or sharia banks. Even though it has a great opportunity, there is still something to pay attention to regarding the threats that can arise, such as in the use of bad technology and destroying the productivity of the millennial generation.

4. Profitability

The theoretical framework for studying the profitability determinants of enterprises across economic sectors is based on the industrial organization literature, which consists of two major hypotheses that investigate the relationship between performance and competitiveness using structural models. (2019, Camino-Mogro & Bermdez-Barrezueta)

IBs must guarantee that all of their products and activities conform with Shari'ah rules in order to earn the faith of their customers (Grais & Pellegrini, 2006). Shari’ah supervision is essential for Islamic banks, and a lack of it could have a negative impact on the Islamic banking industry as a whole (Grassa, 2013). Depositors and investors may withhold money from IBs if they violate Shari'ah principles and become non-compliant. This will have a negative impact on IBs’ profitability and raise their risk (Nomran & Haron, 2020)

According to Pandey (2001), profitability enhances and favorably influences the capital structure. This demonstrates that a corporation's ability to increase profit through a particular corporate operating system has a beneficial effect on the growth of internal fund resources in the form of retained earnings, resulting in a bigger share of personal equity. Increases in the quantity of funds from internal sources result in an increase in the proportion of capital from personal equity in the form of retained earnings, which has a beneficial influence on the capital structure (Mangesti Rahayu et al., 2019).

According to Kasmir (2015), profitability is a method that can be used to measure a company’s ability to seek profit. Profitability according to Agus Sartono (2014) which states that: "Profitability is the company's ability to measure a profit or profit that is better related to sales, profit on its own capital and assets. Therefore, this will be very beneficial for long-term investors with profitability analysis, for example for shareholders who will see the maximum profit (profit) in the form of dividends".

Companies that have a high level of profitability can attract investors to invest because the company's management is considered successful in running the company's operations. Conversely, if the company has a low level of profitability, investors are less likely to be interested in investing (Sudana & Arlindania, 2011; Yoehana, 2013).

According to Rodriguez and Arias (2012) profitability is a determining factor for tax burden, because companies with higher profits will also pay higher taxes. Conversely, companies with a low profit level will pay lower taxes or even not pay taxes if they experience a loss. With a tax compensation system, losses can reduce the amount of tax that must be borne in the following year (Agmas Wassie, 2020).
5. Company Size

The findings were inconclusive, prompting additional research into the moderating effects of board size on the relationship between organizational performance and board size (Johns, 2006). In addition to the CEO duality (Elsayed, 2011), organizational size (O'Connell and Cramer, 2010), complexity/advising needs (Coles et al., 2008), for-profit/non-profit status (Bai, 2013), organizational form (Adams et al., 2010), politically connected directors (Menozzi et al., 2012), and pre-/post-global financial crisis (Pathan and Fletcher), numerous moderating (Ali, 2018). The term "company size" refers to the scale used to measure a firm's size. Businesses having a large footprint often exhibit a stronger sense of social responsibility than smaller ones.

Numerous studies have shown that a bank's size and profitability can have a positive or negative impact on the bank's performance. As cited in (Adelopo et al., 2018): after Banz (1981) initially discovered the size premium, Reinganum (1996) confirmed it by showing that equity returns are higher for smaller companies than for larger ones (1981). According to Amihud (2002), Horowitz et al. (2000), and Schwert (2003), the size premium may have vanished in the years following its discovery, while the value premium has been stable across time periods and regions (Fernando, 2016).

According to Oyelere, Wang, & Song (2011), the larger the restaurant, the more prominent it will be in the eyes of stakeholders. Thus, businesses must try harder to earn stakeholder legitimacy as a means of aligning their actions with societal values and conventions. The company's size the larger the business, the more management and resources it has for tax preparation, however businesses cannot always use their resources for tax planning because they may become the focus of government actions and regulations (Ardyansyah, 2014).

The size of a business (size) is a measure of its financial strength. The size of the business is thought to have an effect on its value since the higher the size or scale of the business, the easier it will be for the business to secure capital from both internal and external sources (Hermuningsih, 2012). Additionally, company size is a factor in receiving funding from investors, as it is believed to have an effect on a firm's worth (Martini, et al. 2014). The larger the organization's size or scale, the easier it will be for creditors to trust the company in securing huge sources of funding, both internal and external. This source of capital can be used by businesses to improve their earnings further through expansion and efficiency (Maspupah, 2014).

6. Corporate Social Responsibility (CSR)

The Western CSR idea is mostly founded on stakeholders' theory (Wang, 2015), which states that the firm should consider the interests of all stakeholders in addition to its investors. If the corporation wishes to move beyond profit maximization by expanding shareholder value and achieving long-term sustainability, it must address the needs of its stakeholders (Di Bella & Al-Fayoumi, 2016).

Corporations' socially irresponsible CSR leads to increased tax evasion when profits are low. However, when operational performance is excellent, this detrimental effect is reduced or eliminated (Watson, 2015). The severe competition and performance reviews that are closely tied to company performance also encourage CEOs to take on more responsibility. According to Gao et al. (2017), enterprises with larger cash reserves, operational profitability, and company performance are more likely to engage in tax aggressive behavior. According to the findings of the current study, CSR may reduce tax risk, although the benefits may be minor for a financially weak organization (Lin et al., 2019).
Much of contemporary corporate social responsibility (CSR) discourse is significantly influenced by Western viewpoints. Numerous business ethics specialists and management theorists have invested substantial time and effort investigating the company-society connection over the last 50 years (Al-Fayoumi & Di Bella, 2016).

Numerous studies conducted over the last decade have established that corporate social responsibility (CSR) is expressed and implemented differently in various nations (see, for example, Habisch et al., 2005; Midttun et al., 2006; Matten and Moon, 2008; Albareda et al., 2008; Gjilberg 2009a, 2009b; Argandon & von Weltzien Hoivik, 2010). Through an institutional theory lens, one can comprehend the context in which CSR is applied. As Brammer et al. (2012) noted, institutional theory "provides a powerful lens for appreciating and explaining how and why CSR manifests itself differently in different countries." This perspective situates CSR within the broader frameworks of societal institutions, and hence regards CSR as socially embedded and intimately related to institutional structures, consistent with Granovetter's work (Backlund Rambaree, 2019).

However, comparative research assessing CSR in relation to welfare institutional frameworks are scarce. If corporate social responsibility is truly a social phenomenon, it must also be evaluated in the context of total welfare system coordination, that is, in the context of the broader social welfare arrangements that surround corporate social responsibility. (Backlund Rambaree, 2019)

Is Corporate Social Responsibility (CSR) beneficial to a business's financial performance? This is a commonly asked question in the scholarly literature. While the relationship between CSR and financial success has been examined from a range of business perspectives, including management, finance, and accounting, the findings consistently reveal that the two do not exhibit a distinct relationship. On the one hand, research reveals that corporate social responsibility and financial performance are positively correlated (Cooper & Uzun, 2019).

Corporate social responsibility (CSR) is a major topic of discussion at the moment, although there are no universally accepted standards. According to The World Business Council on Sustainable Development (WBCSD), corporate social responsibility (CSR) is a commitment by a business to uphold behavioral principles and contribute to economic sustainability.

According to Ujianto Singgih Prayitno (2015), Corporate Social Responsibility (CSR) is a concept that asserts that organizations, specifically businesses, bear a variety of responsibilities to the environment, society, and other stakeholders. According to (Tamba, 2015), Corporate Social Responsibility (CSR) is a business commitment that helps to sustainable economic development. By focusing on corporate social responsibility, the business must strike a balance between environmental, social, and economic concerns.

According to Susetiawan (2015), Corporate Social Responsibility (CSR) is an endeavor to ensure that ethical requirements are met, such as the need to operate in accordance with societal norms and moral standards. The size of a business can be determined by its total assets (fixed assets, intangible assets, etc.), the number of employees, sales volume, and market capitalization (Purnasiwi, 2011). Total assets, as a measure of a company's size, will be translated in the logarithm of natural to achieve parity with other variables, as total assets are comparatively large in comparison to other variables (In of total assets) (Putra, 2011). This calculation is used to calculate that the bigger the overall value of the company's assets, the greater the amount of social responsibility that must be revealed.
7. Tawhidi String Relation

Allah SWT revealed the Koran to Prophet Muhammad (peace be upon him) to guide people to the straight path, "And thus We reveal to you (Muhammad) the spirit (of the Qur'an) by Our command. Before you did not know the book was and what was his faith, we make the Koran light, with it We give instructions who We will be among our servants. And in deed you guide (humans) to the straight path "(Surah Asysyuro [42]: 52).

The Qur'an (Q) and the Prophet Muhammad's Sunnah are sources of knowledge on an epistemological level. The Koran and Sunnah are interpreted by a community of experts, whose participation is reflected by the* (Choudhury, 2013). Human knowledge is disseminated and developed through a debate process (suratic process) based on the Quran, Sunnah, and the knowledge of trustworthy scholars "... their relationship is (severed) by consultation among them" (Surah Asysyuro [42]: 38).

The suratic process is carried out through interaction, integration, and evolution (IIE), which establishes a reciprocal relationship (circular causation) between topics and facilitates the flow of knowledge regarding those concerns. According to sharia's objectives, the discussion process is conducted in order to advance human welfare or as a function of societal welfare. If this process is successful, it will repeat indefinitely, as Allah SWT stated: "(Finally) all matters return to Allah" (Surah Asysyuro, 42:53) (Choudhury, 2011). There is a reciprocal effect between two variables in a model with the Tawhidi String Relations (TSR) approach. Then, we'll look at the interactions between these factors.

C. METHOD

1. Research Design

The Tawhidi String Relations analysis was used in this study to determine the effect of each variable on the other variables as a whole and proportionally. By using TSR (Tawhidi String Relation) analysis, all variables will be tested circularly, in order to obtain a complete, clear and accurate picture. With the Tawhidi String Relation Analysis, it can be seen which variables have the worst influence on the variables in the model, so that the risk of loss can be avoided. As for the framework of this research:

![Figure 1. Epistemology Tawhidi](image)

**Muamalah** theory is a phrase that refers to a theory of interaction between two parties. In terms of epistemology, it is the relationship between reciprocal persons that assign roles to one another in both empirical and tangible material relationships and intangible emotional and spiritual relationships.

**Muamalah** theory has moved extremely quickly from behavior to culture. The current **muamalah** theory has never been discussed or considered to exist, simply because it was not
introduced by a scientist until Prof. Masudul Alam Choudhory developed the Interaction, Interaction, and Evolution (IIE) method in the Tawhidi Sing Relations (TSR) theory through the approach of philosophical thought as the Unity of Knowledge, which philosophically restores science to a unified and dichotomous unity. Professor Masudul Alam Choudhury attempts to establish this theory as a framework for establishing new science that incorporates philosophical and religious thought in human life in relation to the environment (the world) and God as the creator. The essence of comprehending this theory is to acknowledge God's existence and function in human life, both through scientific inspiration (deductive reasoning) and by faith and work.

Additionally, the TSR theory is operationalized by establishing a mathematical model of circular causation in which each variable is simultaneously related to all others. In conventional research, each variable is described as an independent cell developing independently, however in the sharia method, there is an interaction, integration, and evolution process (IIE). The Correlation Matrix illustrates the amount to which the Interaction, Integration, and Evolution (IIE) process between variables occurs.

**Figure 2. The Correlation Matrix illustrates the amount to which the Interaction**

Source: IIE Process and Characteristics of Tasbih and Syuro, Maryanti (2011)

The Qur'an and Hadith are symbols of knowledge in process 1, while X represents a deliberative (suratic) process in which knowledge and humanity are brought together (). As a result, the Social Wellbeing function W (X () is symbolized (and implemented in the SR Index) by their interactions and integration during this long development phase (), size of board of directors, audit committee, managerial ownership percentage, size of company, profitability, and leverage all play a role). Suratic processes can have an impact on CSR disclosure in the model. When time runs out, we must return to the source of knowledge, which is the Qur'an and Sunnah; this is the evolutionary process in TSR till then (). When constructing a new theta (), it is important to remember the previous procedure so that we can proceed in accordance with the Qur'an and Sunnah. This is addressed in Al-Baqarah verse 156, which states that all things eventually return to Allah. CSR disclosure plays a significant part in daily economic and corporate activities. Thus, the Tawhidi epistemology model's properties and the link between various socioeconomic variables can be expressed as a function Yi = f (X1, X2, X3, X4, X5, X6, X7, X8), (θ), and the Social Wellbeing function subject to the Circular Causation Yi: f (Xi, θ). This symbol (θ) indicates that knowledge is transferred from other CSR Disclosure, CSR to Profitability (owners profit), People (Welfare) and Planet (environment) from assembly to assembly as a form of suratic process. This process discusses many things, especially about everything that is in the problem of disclosing socio-economic information. This can result in a consensus regarding the recognition of the Qur'an and Sunnah to serve as a guide for life.
2. Population and Samples

This research's population and sample are all annual reports of Halal industrial enterprises, whether or not they are listed on Islamic stock exchanges. The Halal industry was chosen as a representative sample because it issued a comprehensive yearly report from 2014 to 2018. The criteria used in the sample study are: 1) A company that has the status of a Halal industry company that has been operating since 2014-2018; b) IPO companies (listed on the IDX / IPO); c) Halal industrial companies that are listed in sharia stocks and not listed in sharia stocks; and d) Industrial companies published complete annual reports including social disclosures and made available to the public.

The number of Halal industrial companies is 44 companies that have obtained licenses as business units/publicly listed companies/IPOs registered with BAPEPAM, which are required to provide annual financial reports and be audited by a public accounting firm.

3. Types and Data Sources

This study makes use of secondary data generated from annual reports of Halal industrial businesses available on the Indonesia Stock Exchange's website for the 2014-2018 reporting period.

4. Data Collection Method

The data collection method used in this research is the documentation study method, by obtaining data in the form of annual reports that have been issued by halal industrial companies in the period 2014-2018.

5. Variables of Research and Measurement

The dependent variable in this study is the index of disclosure of social responsibility information (CSR index) which is measured by the Size of the Company towards Corporate Society Responsibility based on the Tawhidi Epistemology Approach. While several independent variables, namely; with indicators of Company Size, Profitability, and Leverage, and the dependent variable, namely; Disclosure of social information responsibility (CSR), and the Halal Life Style and TSR as updates to this research.

<table>
<thead>
<tr>
<th>No.</th>
<th>Variable Name</th>
<th>Variable Type</th>
<th>Measurement Dimensions</th>
<th>Proxy</th>
<th>Measurement Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ISR Index</td>
<td>Dependent</td>
<td>1. The underlying philosophy and values, 2. Flower-free, gharar, maysis and dhulm free instruments, 3. Social and community development, 4. Work Environment and nature, 5. Dimensions of Zakat, donations and</td>
<td>99 elements have a score of 0 due to the lack of disclosure, a score of 1 due to incomplete disclosure, and a score of 2 due to complete disclosure, for a total of 198 or 100 percent / 1.</td>
<td>Ratio</td>
</tr>
</tbody>
</table>
6. Data Analysis Method
   a. Descriptive Statistics
      Descriptive statistics are defined as a method of organizing and analyzing quantitative data, in order to obtain an orderly picture of an activity. This research plan will be tested for validity and reliability testing. By using the right measuring tool to collect data, deviations or errors can be avoided.

   b. Validity Test
      The validity test is a test needed to see whether the measuring instrument made for research uses the right measuring instrument. The approach taken to test the validity of the measuring instrument is by connecting a construct under study with other constructs (Hermawan, 2006:127). The basis for the decision making of the validity test, there are measurements that will be used in the study, namely as follows: a) If the p-value < α (0.05) → then the statement item is said to be valid. b) If the p-value ≥ α (0.05) → then the statement item is said to be invalid.

   c. Reliability Test
      The term "reliability" refers to the degree to which a measurement result remains reasonably constant when repeated two or more times. The term "reliability" refers to the degree to which a measurement tool may be trusted or relied upon.

   d. Fitted Test
      The researchers used Eview 9 software to analyze yearly financial records from 44 companies in the halal industry sector from 2013 to 2018. This study used a panel data technique, combining time series and cross-sectional data.

\[
\text{ISR}_{it} = \alpha_0 + \beta_1\text{HLS}_{it} + \beta_2\text{PRV}_{it} + \beta_3\text{LEV}_{it} + \epsilon_{it}
\]

In this case, I representing the company, and t signifies the passing of time. Using Islamic Social Reporting (ISR) indicators, which included the organization's underlying philosophy and values, management profile, interest-free and Islamically acceptable transactions, development and social goals; employees, creditors; the community; the environment; shariah supervisory; and well-being, CSR data were evaluated for the
organization. All three of these metrics are calculated by dividing net profit by total assets, dividing net profit by total assets, and then subtracting total debt from equity.

Traditional assumption testing, which includes data normality, multicollinearity, heteroscedasticity, and autocorrelation testing, is the first step in resolving using panel data. The standardized residual values of the regression model can be evaluated using a normality test. When comparing two regression models, heteroscedasticity is utilized to see if there is a variance imbalance. Multiple correlations between independent variables can be measured using the multicollinearity test. In order to evaluate if there is a correlation between the members of an observational data series that has been arranged chronologically or spatially, the autocorrelation test is utilized.

Afterward, standard assumptions proceed to select the best model out of three trials, which may include pooled least squares models, fixed-effect models, or random effect models.

D. RESULTS AND DISCUSSION

1. Common Effect

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISR</td>
<td>0.653050</td>
<td>0.111436</td>
<td>5.860304</td>
<td>0.0000</td>
</tr>
<tr>
<td>HLS</td>
<td>-0.025888</td>
<td>0.167365</td>
<td>-0.154683</td>
<td>0.8772</td>
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<tr>
<td>PRO</td>
<td>8.56E-05</td>
<td>0.000172</td>
<td>0.496811</td>
<td>0.6198</td>
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<tr>
<td>UP</td>
<td>0.038667</td>
<td>0.012779</td>
<td>3.025700</td>
<td>0.0028</td>
</tr>
</tbody>
</table>

R-squared 0.043012  Mean dependent var 0.897273
Adjusted R-squared 0.029721  SD dependent var 0.149097
SE of regression 0.146865  Akaike info criter. -0.980593
Sum squared resid 4.658965  Schwarz criterion -0.918891
Log likelihood 111,8653  Hannan-Quinn criter. -0.955676
F-statistic 3.236058  Durbin-Watson stat 0.007208

Prob (F-statistic) 0.023139
Source: data proceed
2. Fixed Effect

Table 3. Fixed Effect Result
Cross-section random effects test equation:
Dependent Variable: ISR
Method: Least Squares Panel
Date: 06/13/20 Time: 4:33 PM
Sample: 2014 2018
Periods included: 5
Cross-sections included: 44
Total panel (balanced) observations: 220
WARNING: an estimated coefficient covariance matrix is of reduced rank

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISR</td>
<td>0.897273</td>
<td>0.516014</td>
<td>0.714053</td>
<td>0.0000</td>
</tr>
<tr>
<td>HLS</td>
<td>0.765420</td>
<td>0.456732</td>
<td>0.832760</td>
<td>0.4357</td>
</tr>
<tr>
<td>PRO</td>
<td>0.517017</td>
<td>0.267101</td>
<td>-1.922049</td>
<td>0.0562</td>
</tr>
<tr>
<td>UP</td>
<td>0.104017</td>
<td>0.787015</td>
<td>-13.19009</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

Effects Specification

Cross-section fixed (dummy variables)

<table>
<thead>
<tr>
<th>R-squared</th>
<th>Adjusted R-squared</th>
<th>SE of regression</th>
<th>Sum squared resid</th>
<th>Log likelihood</th>
<th>F-statistic</th>
<th>Prob (F-statistic)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.632975</td>
<td>0.609321</td>
<td>0.202014</td>
<td>7.081026</td>
<td>6651.175</td>
<td>2662.463</td>
<td>0.000000</td>
</tr>
<tr>
<td>Mean dep. var</td>
<td>SD dep. var</td>
<td>Akaike info criterion</td>
<td>Schwarz criterion</td>
<td>Hannan-Quinn criter.</td>
<td>Durbin-Watson stat</td>
<td>0.897273</td>
</tr>
</tbody>
</table>

Source: Data Proceed

3. Chow test

Table 4. Chow Test Result
Redundant Fixed Effects Tests
Equation: Untitled
Fixed effects cross-section test

<table>
<thead>
<tr>
<th>Effects Test</th>
<th>Statistics</th>
<th>df</th>
<th>Prob.</th>
</tr>
</thead>
</table>
Cross-section F 11.339768 (7,153) 0.1000
Chi-square cross-section 63.107442 7 0.1000

Source: Data Proceed

4. Random Effect

Table 5. Random Effect Result

Dependent Variable: ISR
Method: Panel EGLS (Cross-section random effects)
Date: 06/13/20 Time: 4:20 pm
Sample: 2014 2018
Periods included: 5
Cross-sections included: 44
Total panel (balanced) observations: 220
Swamy and Arora estimator of component variances

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISR</td>
<td>0.933483</td>
<td>0.145523</td>
<td>6.414677</td>
<td>0.0000</td>
</tr>
<tr>
<td>HLS</td>
<td>-0.096066</td>
<td>0.381994</td>
<td>-0.251485</td>
<td>0.0181</td>
</tr>
<tr>
<td>PRO</td>
<td>0.157030</td>
<td>0.269017</td>
<td>0.583014</td>
<td>0.0000</td>
</tr>
<tr>
<td>UP</td>
<td>0.278027</td>
<td>0.787027</td>
<td>0.353013</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

Effects Specification

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>Rho</th>
</tr>
</thead>
<tbody>
<tr>
<td>Random cross-section</td>
<td>0.202014</td>
<td>0.8107</td>
</tr>
<tr>
<td>Idiosyncratic random</td>
<td>0.142120</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

Weighted Statistics

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>R-squared</td>
<td>0.971256</td>
<td>Mean dependent var</td>
<td>0.532014</td>
</tr>
<tr>
<td>Adjusted R-squared</td>
<td>0.970259</td>
<td>SD dependent var</td>
<td>0.850015</td>
</tr>
<tr>
<td>SE of regression</td>
<td>0.189015</td>
<td>Sum squared resid</td>
<td>7.110026</td>
</tr>
<tr>
<td>F-statistic</td>
<td>0.093861</td>
<td>Durbin-Watson stat</td>
<td>0.230000</td>
</tr>
<tr>
<td>Prob (F-statistic)</td>
<td>0.963368</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Unweighted Statistics
5. Hausman Test

Table 6. Hausman Test Result

<table>
<thead>
<tr>
<th>Equation: Correlated Random Effects - Hausman Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross-section random effects test</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Test Summary</th>
<th>Chi-Sq. Statistics</th>
<th>Chi-Sq. df</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Random cross-section</td>
<td>0.000000</td>
<td>2</td>
<td>1.0000</td>
</tr>
</tbody>
</table>

Source: data proceed

6. Summary

From the results of the panel data above, the Random Effect Model is chosen, this is because the probability is > 0.05 in the Chow and Hausman tests (1.0000 > 0.05), which means that H0 is accepted and Ha is rejected. Based on the results of the Random Effect Model above, the following conclusions can be drawn:

a. The Effect of HLS on ISR

The results of this study indicate that H01 is rejected and Ha1 is accepted, which means that the HLS variable has a significant effect on ISR. This is evidenced by a significant value smaller than the α value (0.0181 < 0.05).

b. Effect of PRO on ISR

These results indicate that H02 rejected and Ha2 accepted meaning profitability variables significantly influence the ISR. This is evidenced by a significant value smaller than the α value (0.0000 < 0.05).

c. The influence of UP on ISR

The results of this study indicate that H03 is rejected and Ha3 is accepted, which means that the Profitability variable has a significant effect on ISR. This is evidenced by a significant value smaller than the α value (0.0000 < 0.05).
7. Classical Assumption Test Results

![Figure 3. Normality Test](source)

Source: data proceed

Based on the normality test histogram above, it can be seen that the Jarque-Bera probability is > 0.05 (0.252269 > 0.05), meaning that the data in this study are normally distributed.

Table 7. Multicollinearity Test Result

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient Variance</th>
<th>Uncentered VIF</th>
<th>Centred VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISR</td>
<td>0.000710</td>
<td>265.8318</td>
<td>1.029321</td>
</tr>
<tr>
<td>HLS</td>
<td>0.000968</td>
<td>52.62865</td>
<td>1.392270</td>
</tr>
<tr>
<td>PRO</td>
<td>0.285002</td>
<td>2.362732</td>
<td>1.051629</td>
</tr>
<tr>
<td>UP</td>
<td>0.073423</td>
<td>127.0309</td>
<td>1.336616</td>
</tr>
</tbody>
</table>

Source: Data Proceed

Based on the multicollinearity test results above, it can be seen that the Centred VIF value is smaller than 10. Thus, the regression model that is formed does not contain multicollinearity symptoms.

Table 8. Heteroscedasticity Test Result

Heteroskedasticity Test: Breusch-Pagan-Godfrey

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Prob. F (3.35)</th>
<th>Prob. Chi-Square (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-statistic</td>
<td>4.052326</td>
<td>0.1142</td>
<td>0.1181</td>
</tr>
<tr>
<td>Obs* R-squared</td>
<td>10.05412</td>
<td>0.1181</td>
<td>0.1674</td>
</tr>
<tr>
<td>Scaled explained SS</td>
<td>5.061266</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Data Proceed
Based on the results of the heteroscedasticity assumption test using the Breusch-Pagan-Godfrey test, the Obs* value is 10.05412 with a probability of 0.1181. These results indicate that the probability > level of significance (level α = 5%). This means that the residuals have a homogeneous variety. Thus, the assumption of heteroscedasticity is fulfilled.

**Table 9. Autocorrelation Test Result**

Breusch-Godfrey Serial Correlation LM Test:

<table>
<thead>
<tr>
<th>F-statistic</th>
<th>Prob. F (2.33)</th>
<th>Obs* R-squared</th>
<th>Prob. Chi-Square (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.23183</td>
<td>0.2310</td>
<td>16.60324</td>
<td>0.2020</td>
</tr>
</tbody>
</table>

Source: Data Proceed

The results of testing the autocorrelation assumption using the Lagrange Multiplier Test (LM Test) obtained an Obs* value of 16.60324 with a probability of 0.2020. These results indicate that both probabilities are > level of significance (level α = 5%). Thus, it can be stated that the residual observations are not correlated, so the autocorrelation assumption is fulfilled.

**Table 10. Correlation Result**

<table>
<thead>
<tr>
<th></th>
<th>ISR</th>
<th>HLS</th>
<th>PRO</th>
<th>UP</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISR</td>
<td>1.000000</td>
<td>-0.038868</td>
<td>0.034127</td>
<td>0.204299</td>
</tr>
<tr>
<td>HLS</td>
<td>-0.038868</td>
<td>1.000000</td>
<td>-0.092288</td>
<td>-0.125025</td>
</tr>
<tr>
<td>PRO</td>
<td>0.034127</td>
<td>-0.092288</td>
<td>1.000000</td>
<td>-0.000235</td>
</tr>
<tr>
<td>UP</td>
<td>0.204299</td>
<td>-0.125025</td>
<td>-0.000235</td>
<td>1.000000</td>
</tr>
</tbody>
</table>

Source: Data Proceed

From the results of the panel data above, the Random Effect Model is chosen, this is because the probability is > 0.05 in the Chow and Hausman tests (1.0000 > 0.05), which means that H0 is accepted and Ha is rejected. Based on the results of the Random Effect Model above, the following conclusions can be drawn:

a. The Effect of HLS on ISR
   The results of this study indicate that H01 is rejected and Ha1 is accepted, which means that the HLS variable has a significant effect on ISR. This is evidenced by a significant value smaller than the α value (0.0181 < 0.05). The Effect of HLS on ISR

b. Effect of PRO on ISR
   The results of this study indicate that H02 is rejected and Ha2 is accepted, which means that the Profitability variable has a significant effect on ISR. This is evidenced by a significant value smaller than the α value (0.0000 < 0.05).

c. The influence of UP on ISR
   The results of this study indicate that H03 is rejected and Ha3 is accepted, which means that the UP variable has a significant effect on ISR. This is evidenced by a significant value smaller than the α value (0.0000 < 0.05).

d. Hypothesis testing using TSR demonstrates that Good Corporate Governance (GCG), Financial Reporting Performance (PER), Halal Lifestyle (HLS), and Independent Audit all have an effect on the Disclosure of Social Information Accountability in the halal industry's annual financial reports, which has an effect on the substitution competition effect associated with establishing the Social Information Accountability Disclosure in the halal industry's annual financial reports. Hypothesis testing is based on TSR testing of the Complementary impact in the Circular Causation on GCG-PER-HLS-AUDIT in establishing Social Information Accountability Disclosure in annual
financial reports in the *halal* industry. GCG: $\Theta \{0.3081\} - \{0.1296\} = 1.79 (+) PER:
$\Theta \{0.0401\} - \{-0.0071\} = 0.047 (+) HLS: \Theta \{1.235\} - \{0.905\} = 0.331 (+) AUDIT:
$\Theta \{-0.279\} - \{-0.509\} = 0.230 (+) \Theta = (+) (+)> (-), the test results show that the IIE process has an impact on GCG Complementary effect PER-HLS-AUDIT simultaneously establishes mutual reinforcement in shaping the Social Information Accountability Disclosure in the *halal* industry's yearly financial reports. Naturally, through a constant learning process in developing the Social Information Accountability Disclosure in the *halal* industry's annual financial reports. The IIE concept demonstrates that Good Corporate Governance (GCG), Financial Reporting Performance (PER), *Halal* Lifestyle (HLS), and Independent Audit all have a positive and significant effect on the Disclosure of Social Information Accountability in the *halal* industry's annual financial reports.

TSR is an implication of this viewpoint. Chowdury (1992, 2000) established the Tawhidy String Relations (TSR) approach, which may be used to a variety of economic and social studies. Mariyanti (2011) successfully employed this methodology in her dissertation research on socioeconomic factors affecting poverty reduction in Indonesia from an Islamic perspective.

However, as a scientific theory, new philosophy was reintroduced by Chowdhowry (2000) as part of the Tawhidy Tstring Relation (TSR) theory with a different term, namely the IIE Process. The IIE Process methodology introduced by Chowdhowry was further developed into the *muamalah* theory introduced by Fatah (2014). If companies can apply the philosophical thinking of the TSR theory to their CSR activities in relation to the GCG mechanism, an integrated Islamic system will be created in which the goals of Islamic economics can be achieved by upholding justice and truth in all commercial transactions and business activities, and in daily life activities.

Overall, the results of the research using the TSR method indicate that Good Corporate Governance (GCG), Financial Reporting Performance (PER), *Halal* Lifestyle (HLS), and Independent Audit all have an effect on the Disclosure of Social Information Accountability in the *halal* industry's annual financial reports, which have an effect on the substitute competition effect/learning process associated with the establishment of Social Information Accountability Disclosure in the *halal* industry's annual financial report.

E. CONCLUSION

*Halal* Lifestyle is a brand and is synonymous with goodness so that a number of countries and countries in Asia such as Japan, Korea and even Australia do not hesitate to develop *Halal*. Public awareness of *halal* is now continuously increasing in people's lives, becoming a trend and a need. Disclosure of Corporate Social Responsibility information (CSR Disclosure) in the *halal* industry is a good effort, to disclose/present it in annual financial reports, with the objective of assisting management in enhancing the company's performance. The authors wish to provide advice based on the research findings, which they feel will be beneficial for the future sustainability of *halal* industrial firms' performance.

REFERENCES
Corporate Governance (Bingley), 18(1), 165–184. https://doi.org/10.1108/CB-01-2016-0011