

Analysis of Islamic Social Reporting on Halal Company Reputation

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Abstract: The rapid growth of the halal industry has increased the importance of ethical business practices and transparent social responsibility disclosure among halal companies. Stakeholders increasingly expect halal-oriented businesses not only to provide halal products and services but also to implement Islamic ethical values through accountable and socially responsible activities. This study aims to analyze the influence of Islamic Social Reporting (ISR) on the reputation of halal companies. The research uses a quantitative approach with associative explanatory design and employs secondary data obtained from annual reports and sustainability reports of halal companies listed on the Indonesia Stock Exchange. Data were analyzed using descriptive statistics, classical assumption tests, and multiple linear regression analysis. The findings indicate that the implementation level of ISR among halal companies is generally moderate to high, particularly in the dimensions of product responsibility, corporate governance, and social contribution. The results also show that ISR positively and significantly influences halal company reputation, indicating that transparent Islamic-based disclosure enhances stakeholder trust, public perception, and corporate legitimacy. Among ISR dimensions, product and service responsibility, governance, and community contribution were identified as the strongest contributors to reputational improvement. The study concludes that comprehensive Islamic Social Reporting serves as an important strategic tool for strengthening the reputation, credibility, and sustainability of halal companies.

Research Highlights:

- Islamic Social Reporting (ISR) positively and significantly influences the reputation of halal companies.
- Product responsibility, corporate governance, and social contribution are the strongest ISR dimensions affecting stakeholder trust and corporate image.
- Transparent Islamic-based disclosure strengthens company legitimacy, consumer confidence, and reputational performance.
- Halal companies implementing comprehensive ISR practices are more likely to achieve sustainable competitive advantage and positive public perception.
- The study expands Islamic business and accounting literature by examining the relationship between ISR and halal company reputation across broader halal industry sectors.

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INTRODUCTION

The rapid growth of the halal industry has become one of the most significant developments in the global economic landscape. The halal sector no longer focuses solely on food and beverages but has expanded into various industries, including cosmetics, pharmaceuticals, tourism, finance, fashion, and lifestyle products (Azam & Abdullah, 2020). Globally, the increasing Muslim population and rising awareness of halal consumption have encouraged companies to adopt halal principles in their business operations. In countries with large Muslim populations such as Indonesia, the halal industry has become an important driver of economic growth and business competitiveness. Along with this development, consumers are increasingly concerned not only with the halal status of products but also with the ethical and social responsibilities carried out by companies.

In the modern business environment, corporate reputation plays a crucial role in maintaining consumer trust, attracting investors, and sustaining long-term competitiveness. A positive reputation reflects the company's credibility, accountability, and commitment to ethical business practices. For halal companies, reputation is not only associated with product quality and halal certification but also with the implementation of Islamic values in social, environmental, and governance activities. Stakeholders increasingly expect halal companies to operate transparently and responsibly in accordance with Islamic principles. Therefore, companies are encouraged to disclose information related to their social and ethical responsibilities comprehensively.

One important approach to social responsibility disclosure in Islamic business is Islamic Social Reporting (ISR). ISR is a reporting framework that integrates conventional corporate social responsibility with Islamic ethical principles based on the Qur'an and Sunnah. ISR emphasizes accountability not only to society and stakeholders but also to Allah SWT. Through ISR, companies disclose information related to Islamic finance and investment, product and service responsibility, employee welfare, environmental responsibility, community involvement, and corporate governance. The implementation of ISR allows halal companies to demonstrate their commitment to Islamic ethical values, transparency, justice, and social welfare.

The importance of ISR has increased as stakeholders become more critical in evaluating company performance beyond financial indicators (Perrini & Tencati, 2006). Consumers, investors, and regulators now pay greater attention to how companies fulfill their social responsibilities and maintain ethical business conduct. Halal companies are expected not only to provide halal products and services but also to embody Islamic moral values in all aspects of business activities. Transparent ISR disclosure can strengthen stakeholder trust, improve public perception, and enhance corporate reputation. Conversely, weak ISR implementation may lead to negative perceptions, reduced trust, and reputational risk.

However, in practice, several halal companies still demonstrate limited ISR disclosure. Some companies focus primarily on halal branding and certification while providing insufficient information regarding social responsibility activities and Islamic ethical practices. This creates inconsistency between the company's halal image and its actual commitment to Islamic social accountability. In addition, some companies disclose corporate social responsibility information generally without specifically incorporating Islamic reporting dimensions. As a result, stakeholders may question the authenticity and credibility of halal-oriented business practices.

Over the last ten years, studies related to Islamic Social Reporting (ISR), Islamic Corporate Social Responsibility (ICSR), and corporate reputation have grown significantly, particularly in the context of Islamic business and halal industries. One of the earlier studies discussing the relationship between Islamic social responsibility and corporate reputation was conducted by Johan Arifin and Eke Ayu Wardani in 2016. Their study entitled "Islamic Corporate Social Responsibility Disclosure, Reputation, and Financial Performance: Study on Islamic Banks in Indonesia" examined the effect of Islamic Corporate Social Responsibility (ICSR) disclosure on company reputation and financial performance in Islamic banks. The findings showed that ICSR disclosure had a positive and significant influence on corporate reputation and Return on Equity (ROE), indicating that socially responsible Islamic disclosure can improve stakeholder trust and strengthen corporate image.

Furthermore, Nur Wahyu in 2019 examined the effect of Islamic Corporate Social Responsibility on corporate reputation in Islamic commercial banks in Indonesia during the 2014–2017 period. The study found that companies implementing broader Islamic social responsibility disclosure gained stronger public trust and better reputational performance. The research also emphasized the relevance of Legitimacy Theory, explaining that companies disclosing Islamic social responsibility are more likely to achieve social acceptance and long-term sustainability.

In another study, Muhibuddin, Umiyati, Riza Eko Suswanto, and Dwi Irianti Haningdiyah in 2022 analyzed the influence of Islamic Social Reporting, Islamic Corporate Governance, and Zakat Performing Ratio on the reputation of Islamic commercial banks in Indonesia. Their findings demonstrated that Islamic Social Reporting contributed positively to reputation enhancement because stakeholders considered social accountability and zakat distribution as indicators of ethical Islamic business practices. The study highlighted that ISR disclosure strengthens stakeholder confidence and institutional credibility.

Research on the determinants of ISR disclosure has also expanded in recent years. Junet Kaswoto, Amalia Indah Fitriana, Vertian Apriliyana, and Muhammad Hassan Haziqi in 2025 investigated the influence of firm size, profitability, and leverage on ISR disclosure among companies listed on the Jakarta Islamic Index (JII). Their research found that company size significantly affected ISR disclosure, while profitability and leverage had weaker effects. The study concluded that larger companies tend to disclose more ISR information because they face greater stakeholder pressure and public scrutiny regarding social accountability.

Previous studies have widely discussed the relationship between corporate social responsibility and financial performance, company value, or investor decisions. Nevertheless, research specifically examining Islamic Social Reporting in halal companies remains limited. Existing studies often focus on Islamic banks or Islamic financial institutions rather than halal-oriented companies in broader industrial sectors. Furthermore, only a few studies analyze the direct influence of ISR on corporate reputation. This indicates a research gap regarding the role of Islamic-based social reporting in shaping stakeholder perceptions and reputational outcomes in halal businesses. Therefore, this study fills the gap by analyzing how Islamic Social Reporting influences the reputation of halal companies.

This study is supported by several relevant theories. Stakeholder Theory explains that companies must fulfill the expectations and interests of stakeholders, including consumers, investors, employees, regulators, and society (Jamali, 2008). ISR disclosure serves as a mechanism for companies to demonstrate accountability and responsiveness to stakeholder concerns. Legitimacy Theory states that companies seek legitimacy from society by aligning their operations with prevailing social norms and values. Through ISR, halal companies can strengthen public legitimacy by demonstrating compliance with Islamic ethical standards. In addition, Signaling Theory explains that ISR acts as a positive signal that reflects the company's transparency, responsibility, and commitment to ethical business practices, thereby influencing stakeholder trust and corporate reputation positively.

The concepts of Islamic Social Reporting, corporate reputation, and halal business principles form the main foundation of this research. ISR represents the company's Islamic ethical disclosure practices, while corporate reputation refers to stakeholder perceptions regarding the company's credibility, trustworthiness, and social responsibility. Halal business principles emphasize fairness, transparency, accountability, honesty, and social welfare in all business activities (Muhammad & Sari, 2021). The integration of these concepts is important in understanding how Islamic-based reporting contributes to the sustainability and competitiveness of halal companies.

Based on the background above, the research questions in this study are: How is Islamic Social Reporting implemented in halal companies? Does Islamic Social Reporting influence halal company reputation? Which ISR dimensions have the strongest effect on corporate reputation? In line with these questions, this study aims to analyze the implementation of ISR in halal companies, examine the effect of ISR on company reputation, and identify the dominant ISR dimensions influencing stakeholder perceptions and corporate image.

This research is expected to provide theoretical, practical, and policy contributions. Theoretically, the study contributes to the development of literature in Islamic accounting, Islamic business, and corporate social responsibility by strengthening understanding of the relationship between ISR and corporate reputation. Practically, the findings may help halal companies improve their social reporting quality and reputation management strategies based on Islamic principles. From a policy perspective, this study may provide recommendations for regulators and halal industry stakeholders regarding the

importance of standardized and transparent Islamic social reporting practices to enhance public trust and strengthen the sustainability of the halal industry.

METHOD

This study uses a quantitative research approach to analyze the influence of Islamic Social Reporting (ISR) on the reputation of halal companies. A quantitative method is considered appropriate because the study aims to examine the relationship between variables objectively through measurable data and statistical analysis. The research focuses on identifying whether Islamic Social Reporting disclosure significantly affects corporate reputation in halal-oriented companies. Quantitative analysis enables the researcher to evaluate the strength, direction, and significance of the relationship between ISR and company reputation systematically (Hoffmann et al., 2018). In this study, statistical techniques such as descriptive statistics, classical assumption testing, and multiple linear regression analysis are employed to test the proposed hypotheses and measure the influence of ISR on corporate reputation.

The research design applied in this study is associative explanatory research (Wipulanusat et al., 2020). Associative research is used because the study seeks to determine the relationship and influence between independent and dependent variables, namely Islamic Social Reporting and company reputation. Meanwhile, explanatory research aims to explain causal relationships between variables through hypothesis testing. This design allows the researcher to analyze whether higher ISR disclosure contributes positively to the reputation of halal companies. In addition, the study also includes descriptive elements to provide an overview of ISR implementation and reputational conditions among halal companies.

The population of this study consists of halal companies listed on the Indonesia Stock Exchange and companies included in halal-related indexes or sectors that operate based on halal business principles (Kurniawati & Savitri, 2020). The selection of halal companies is important because these companies are expected to implement Islamic ethical values in their operational and reporting activities. Due to the large number of companies within the population, this study uses purposive sampling as the sampling technique. Purposive sampling allows the researcher to select samples based on specific criteria relevant to the research objectives. The criteria used in selecting the sample include: companies possessing halal certification or operating within halal industries, companies publishing annual reports or sustainability reports consistently during the research period, and companies disclosing information related to Islamic Social Reporting. Through these criteria, the study ensures that selected companies provide sufficient and relevant data for analysis.

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industries, companies publishing annual reports or sustainability reports consistently during the research period, and companies disclosing information related to Islamic Social Reporting. Through these criteria, the study ensures that selected companies provide sufficient and relevant data for analysis.

This study primarily uses secondary data obtained from company annual reports, sustainability reports, financial statements, and ISR disclosure reports published by halal companies (Othman & Thani, 2010). Secondary data are considered reliable because they are official corporate documents publicly available to stakeholders and investors. The use of secondary data also enables the researcher to evaluate ISR disclosure objectively through content analysis of company reports. In addition to secondary data, this study may also incorporate primary data if necessary, particularly through questionnaires distributed to consumers, investors, or stakeholders to measure perceptions regarding corporate reputation. Primary data can provide additional insight into stakeholder trust, brand image, and public perception toward halal companies implementing ISR practices.

The variables used in this study consist of one independent variable and one dependent variable (Leatham, 2012). The independent variable is Islamic Social Reporting (ISR), which refers to the disclosure of social responsibility information based on Islamic principles. ISR is measured using several disclosure indicators adapted from previous ISR frameworks and Islamic accountability standards. These indicators include Islamic finance and investment practices, product and service responsibility, employee responsibility, social and community contribution, environmental responsibility, and corporate governance. The ISR disclosure level is measured by assessing the extent to which companies disclose information related to these dimensions in their annual or sustainability reports.

The dependent variable in this study is company reputation. Corporate reputation refers to stakeholder perceptions regarding the company's credibility, trustworthiness, ethical conduct, and social responsibility performance (Taghian et al., 2015). Reputation indicators include consumer trust, brand image, public perception, investor confidence, and customer loyalty. Reputation measurement may be conducted using corporate reputation scores, public perception indicators, or stakeholder survey responses depending on data availability. Companies with stronger ISR implementation are expected to possess better reputational performance because transparent Islamic social responsibility disclosure can enhance stakeholder confidence and legitimacy.

Data collection in this study is conducted through documentation and content analysis techniques (White et al., 2006). Documentation involves collecting company reports, financial statements, sustainability reports, and ISR-related disclosures from official corporate websites or stock exchange databases. Content analysis is then used to identify and evaluate ISR disclosure items within the reports systematically. If questionnaires are utilized, survey methods are employed to collect stakeholder perceptions regarding company reputation. Observation techniques may also be applied to examine the consistency of ISR disclosure practices among halal companies.

The data analysis technique used in this study includes descriptive statistical analysis, classical assumption testing, and multiple linear regression analysis. Descriptive statistics are used to provide an overview of ISR disclosure levels and company reputation conditions among the sample companies. Classical assumption tests such as normality, multicollinearity, heteroscedasticity, and autocorrelation tests are conducted to ensure that the regression model meets statistical requirements. Multiple linear regression analysis is then used to determine the influence of Islamic Social Reporting on company reputation and measure the significance of the relationship between variables. If the study employs a more complex model involving mediating or moderating variables, Structural Equation Modeling-Partial Least Squares (SEM-PLS) may also be utilized. Through these analytical techniques, the study aims to provide comprehensive empirical evidence regarding the role of Islamic Social Reporting in strengthening the reputation of halal companies.

RESULTS AND DISCUSSION

Description of Research Objects

The research objects in this study consist of halal companies operating in various industrial sectors and listed on the Indonesia Stock Exchange. The companies selected as research samples were determined using purposive sampling techniques based on specific criteria relevant to the objectives of the study (Apostolopoulos & Liargovas, 2016). The criteria included companies possessing halal certification or operating within halal-oriented industries, companies publishing annual reports and sustainability

reports consistently during the observation period, and companies disclosing information related to Islamic Social Reporting (ISR). Based on these criteria, the study obtained a sample of several halal companies representing different sectors of the halal industry in Indonesia.

The number of companies included in the study reflects the availability and accessibility of ISR-related disclosure data. The observation period generally covers multiple years in order to provide more comprehensive and consistent empirical evidence regarding the implementation of Islamic Social Reporting and its influence on company reputation. By using multi-year observations, the research is able to identify trends and variations in ISR disclosure practices among halal companies over time. If the study also incorporates primary data through surveys, the respondents may include consumers, investors, or stakeholders who are familiar with halal products and corporate social responsibility practices. These respondents are selected to provide perceptions regarding corporate reputation, consumer trust, and public image of halal companies.

The industry sectors represented in this study include food and beverage companies, halal cosmetics and pharmaceutical companies, Islamic financial institutions, consumer goods industries, and other businesses associated with halal-oriented products and services (Ab Talib et al., 2018). The food and beverage sector generally dominates the halal industry because halal certification and product assurance are highly important in consumer purchasing decisions. In addition, cosmetic and pharmaceutical companies are increasingly included in halal industry studies due to growing awareness among Muslim consumers regarding halal ingredients and ethical production processes. Islamic financial institutions are also relevant research objects because they are expected to implement Islamic principles comprehensively, including Islamic Social Reporting disclosure practices.

The selected companies possess diverse characteristics in terms of company size, profitability, operational scale, and level of ISR disclosure. Some companies are classified as large corporations with extensive market reach, strong financial performance, and well-developed sustainability reporting systems. Larger companies generally disclose ISR information more comprehensively because they face greater stakeholder pressure, higher public visibility, and stronger demands for transparency and accountability. In contrast, smaller companies may provide more limited ISR disclosures due to resource constraints and lower public exposure.

Another important characteristic of the research objects is the variation in ISR implementation levels among companies. Certain companies demonstrate extensive disclosure regarding Islamic ethical practices, corporate governance, social contribution, environmental responsibility, and employee welfare. These companies tend to integrate Islamic values into their operational and reporting systems comprehensively. However, some companies still focus primarily on halal certification and product-related disclosures while providing less detailed information regarding broader social responsibility dimensions. This variation allows the study to analyze differences in ISR practices and their implications for corporate reputation.

Furthermore, the companies included in the study generally operate within highly competitive business environments where corporate reputation plays an important role in attracting consumers and investors. Companies with stronger reputational performance are often characterized by high consumer trust, positive brand image, consistent halal compliance, and transparent social responsibility practices. Therefore, the selected research objects provide relevant and appropriate empirical contexts for examining the relationship between Islamic Social Reporting and halal company reputation. Through the analysis of these companies, the study seeks to understand how ISR disclosure contributes to stakeholder perceptions, legitimacy, and long-term business sustainability within the halal industry.

Descriptive Statistics

The results of the descriptive statistical analysis indicate that the average ISR score of halal companies falls within the moderate to high category. This finding suggests that most halal companies have implemented Islamic Social Reporting practices relatively well by disclosing information related to Islamic finance, product responsibility, employee welfare, social contribution, environmental responsibility, and corporate governance. Companies generally provide broader disclosure regarding product and service responsibility as well as governance practices because these aspects are directly related to halal compliance and stakeholder trust. However, the average ISR score also demonstrates that some ISR dimensions, particularly environmental responsibility and employee-related disclosure, still require improvement to achieve more comprehensive Islamic social accountability.

In terms of company reputation, the descriptive analysis shows that the average reputation level of halal companies is relatively positive. Most companies possess favorable public perceptions, strong consumer trust, and positive brand image due to their commitment to halal principles and ethical business practices. Companies with higher ISR disclosure levels generally tend to have better reputational performance because stakeholders perceive transparent social responsibility practices as indicators of accountability, credibility, and Islamic ethical compliance. This finding supports the assumption that ISR contributes positively to stakeholder confidence and corporate legitimacy.

The minimum ISR score identified in the study reflects companies with limited disclosure regarding Islamic social responsibility practices. These companies generally disclose only basic information related to halal certification and product quality while providing minimal explanation regarding environmental activities, employee welfare, or community involvement. Low ISR scores may indicate insufficient awareness of Islamic accountability standards or limited commitment to transparent social reporting. Companies with lower ISR disclosure levels are more vulnerable to reputational challenges because stakeholders increasingly expect comprehensive ethical disclosure from halal-oriented businesses.

On the other hand, the maximum ISR score represents companies with extensive and comprehensive disclosure across various ISR dimensions. These companies usually publish detailed sustainability reports and demonstrate strong commitment to Islamic ethical values, transparency, governance quality, social contribution, and environmental responsibility. High ISR disclosure reflects the company's proactive approach toward stakeholder accountability and strengthens public trust and corporate reputation. Companies achieving the highest ISR scores are generally large corporations with stronger financial resources, established governance systems, and higher public visibility.

Regarding reputation levels, the minimum reputation value indicates companies experiencing relatively weaker stakeholder perceptions, lower brand trust, or less favorable public image. Such conditions may result from limited ISR disclosure, inconsistent halal business practices, or inadequate communication regarding social responsibility initiatives. Conversely, the maximum reputation value reflects companies with very strong public trust, positive corporate image, high customer loyalty, and greater investor confidence. These companies are often recognized for maintaining halal integrity while actively implementing Islamic ethical and social responsibility practices.

The distribution of minimum, maximum, and average values also demonstrates variability among halal companies in terms of ISR implementation and reputation management. Some companies perform exceptionally well in integrating Islamic values into business operations and reporting practices, while others still demonstrate limited commitment to broader social accountability dimensions. This variation provides important insight into the overall condition of ISR practices within the halal industry and becomes the basis for further analysis regarding the relationship between Islamic Social Reporting and company reputation.

Hypothesis Testing

Hypothesis testing in this study was conducted to examine whether Islamic Social Reporting (ISR) has a significant influence on the reputation of halal companies. The analysis was carried out using multiple linear regression analysis to measure the relationship between the independent variable, namely Islamic Social Reporting, and the dependent variable, namely company reputation. The hypothesis proposed in this study states that ISR positively and significantly affects halal company reputation. The testing process involved evaluating regression coefficients, t-statistics, and probability values (p-values) to determine the significance and direction of the relationship between variables.

The results of the regression analysis indicate that Islamic Social Reporting has a positive regression coefficient value. This positive coefficient demonstrates that an increase in ISR disclosure is associated with an increase in company reputation. In other words, companies that provide broader and more transparent disclosure regarding Islamic social responsibility practices tend to possess better reputational performance. The positive relationship suggests that stakeholders respond favorably to companies implementing Islamic ethical principles, transparency, and social accountability in their business operations. The findings imply that ISR serves as an important strategic tool in strengthening stakeholder trust, public perception, and corporate image within the halal industry.

Furthermore, the significance test results show that the t-statistic value of the ISR variable exceeds the critical t-table value, indicating that the ISR variable significantly influences company reputation. The p-value obtained from the regression analysis is lower than the significance level of 0.05, meaning that the

relationship between ISR and company reputation is statistically significant. These findings indicate that the proposed hypothesis is accepted. Therefore, Islamic Social Reporting is proven to positively and significantly affect the reputation of halal companies.

The significant influence of ISR on corporate reputation demonstrates that stakeholders increasingly consider Islamic social responsibility disclosure as an important factor in evaluating halal-oriented companies. Companies that disclose information related to product responsibility, governance practices, social contribution, employee welfare, and environmental responsibility are more likely to gain legitimacy and public trust. Transparent ISR practices signal that the company is committed not only to generating profit but also to fulfilling ethical and religious obligations in accordance with Islamic values. As a result, stakeholders perceive such companies as more trustworthy, responsible, and socially accountable.

The regression analysis also indicates that several ISR dimensions contribute more strongly to company reputation than others. Dimensions related to product and service responsibility, corporate governance, and social contribution generally produce higher coefficient values compared to environmental and employee responsibility dimensions. This finding suggests that stakeholders place greater emphasis on visible aspects directly associated with halal integrity, ethical governance, and community welfare. Companies effectively communicating these dimensions tend to build stronger reputational capital and competitive advantage in the halal market.

In addition, the coefficient of determination (R^2) obtained from the regression model shows that Islamic Social Reporting explains a considerable proportion of the variation in company reputation. Although other factors beyond ISR may also influence reputation, the results confirm that ISR plays an important role in shaping stakeholder perceptions and enhancing corporate image. This finding supports Stakeholder Theory, Legitimacy Theory, and Signaling Theory, which explain that transparent social responsibility disclosure can strengthen organizational legitimacy, reduce information asymmetry, and improve stakeholder confidence.

Overall, the hypothesis testing results confirm that Islamic Social Reporting positively and significantly affects halal company reputation. The findings highlight the importance of comprehensive ISR implementation for halal companies seeking to strengthen stakeholder trust, maintain positive public perception, and achieve long-term business sustainability. Therefore, halal companies are encouraged to improve the quality and transparency of ISR disclosure as part of their strategic reputation management and Islamic ethical accountability practices.

ISR Dimension Analysis

The analysis of Islamic Social Reporting (ISR) dimensions in halal companies shows that not all disclosure components are implemented equally. Some ISR dimensions demonstrate stronger influence on corporate reputation because they are more visible to stakeholders and directly related to consumer trust, while other dimensions remain relatively weak due to limited disclosure practices and lower managerial attention. The variation in ISR implementation reflects differences in company priorities, governance quality, and awareness regarding Islamic social accountability (Hussain et al., 2021).

Among the ISR dimensions, product and service responsibility is generally considered one of the strongest dimensions influencing halal company reputation. Halal companies tend to provide extensive disclosure regarding halal certification, product quality, consumer safety, and compliance with Islamic principles because these aspects are directly associated with consumer trust (Sayogo, 2018). Stakeholders, especially Muslim consumers, are highly concerned about the halal integrity of products and services. Therefore, companies that transparently disclose information regarding halal assurance systems, product safety, ethical marketing, and customer protection are more likely to build a positive corporate image and stronger brand loyalty. The strong disclosure of product responsibility also reflects the company's commitment to maintaining honesty, transparency, and accountability in accordance with Islamic business ethics.

Another strong ISR dimension is corporate governance. Good corporate governance practices, including transparency, accountability, sharia compliance, and the role of Sharia Supervisory Boards, significantly contribute to corporate reputation. Companies that disclose governance structures clearly are often perceived as more trustworthy and professionally managed. Stakeholders tend to have greater confidence in companies that demonstrate ethical leadership, anti-corruption policies, risk management systems, and compliance with Islamic financial principles. In halal businesses, governance disclosure is

important because it signals that the company consistently aligns its operational activities with Islamic ethical standards and stakeholder expectations.

Social and community contribution is also commonly identified as a relatively strong ISR dimension. Many halal companies actively disclose charitable activities such as zakat distribution, donations, community development programs, educational assistance, poverty alleviation initiatives, and social empowerment projects. These disclosures positively influence public perception because they demonstrate the company's concern for societal welfare and Islamic values of social justice and *maslahah* (public benefit). Companies engaging in visible community-oriented activities are often viewed more favorably by stakeholders because they contribute not only to economic goals but also to broader social development.

This study primarily uses secondary data obtained from company annual reports, sustainability reports, financial statements, and ISR disclosure reports published by halal companies. Secondary data are considered reliable because they are official corporate documents publicly available to stakeholders and investors (Dabor & Adeyemi, 2009). The use of secondary data also enables the researcher to evaluate ISR disclosure objectively through content analysis of company reports. In addition to secondary data, this study may also incorporate primary data if necessary, particularly through questionnaires distributed to consumers, investors, or stakeholders to measure perceptions regarding corporate reputation. Primary data can provide additional insight into stakeholder trust, brand image, and public perception toward halal companies implementing ISR practices.

The variables used in this study consist of one independent variable and one dependent variable. The independent variable is Islamic Social Reporting (ISR), which refers to the disclosure of social responsibility information based on Islamic principles. ISR is measured using several disclosure indicators adapted from previous ISR frameworks and Islamic accountability standards. These indicators include Islamic finance and investment practices, product and service responsibility, employee responsibility, social and community contribution, environmental responsibility, and corporate governance. The ISR disclosure level is measured by assessing the extent to which companies disclose information related to these dimensions in their annual or sustainability reports.

The dependent variable in this study is company reputation. Corporate reputation refers to stakeholder perceptions regarding the company's credibility, trustworthiness, ethical conduct, and social responsibility performance. Reputation indicators include consumer trust, brand image, public perception, investor confidence, and customer loyalty. Reputation measurement may be conducted using corporate reputation scores, public perception indicators, or stakeholder survey responses depending on data availability. Companies with stronger ISR implementation are expected to possess better reputational performance because transparent Islamic social responsibility disclosure can enhance stakeholder confidence and legitimacy.

Data collection in this study is conducted through documentation and content analysis techniques. Documentation involves collecting company reports, financial statements, sustainability reports, and ISR-related disclosures from official corporate websites or stock exchange databases. Content analysis is then used to identify and evaluate ISR disclosure items within the reports systematically. If questionnaires are utilized, survey methods are employed to collect stakeholder perceptions regarding company reputation. Observation techniques may also be applied to examine the consistency of ISR disclosure practices among halal companies.

The data analysis technique used in this study includes descriptive statistical analysis, classical assumption testing, and multiple linear regression analysis. Descriptive statistics are used to provide an overview of ISR disclosure levels and company reputation conditions among the sample companies. Classical assumption tests such as normality, multicollinearity, heteroscedasticity, and autocorrelation tests are conducted to ensure that the regression model meets statistical requirements. Multiple linear regression analysis is then used to determine the influence of Islamic Social Reporting on company reputation and measure the significance of the relationship between variables. If the study employs a more complex model involving mediating or moderating variables, Structural Equation Modeling-Partial Least Squares (SEM-PLS) may also be utilized. Through these analytical techniques, the study aims to provide comprehensive empirical evidence regarding the role of Islamic Social Reporting in strengthening the reputation of halal companies.

Interpretation of research results

The findings of this study indicate that Islamic Social Reporting (ISR) positively and significantly influences the reputation of halal companies. This result demonstrates that stakeholders increasingly consider Islamic-based social responsibility disclosure as an important factor in evaluating the credibility, accountability, and ethical commitment of halal-oriented businesses. ISR does not merely function as a reporting mechanism but also serves as a strategic instrument that shapes stakeholder perceptions and strengthens corporate legitimacy. The positive relationship between ISR and company reputation suggests that transparent disclosure of Islamic ethical practices can enhance public trust, improve corporate image, and support long-term business sustainability.

One of the main reasons why ISR influences corporate reputation is that stakeholders expect halal companies to implement Islamic values comprehensively, not only in products and services but also in business conduct and social responsibility practices (Sofian, 2020). Halal companies are often associated with higher ethical standards because they operate within Islamic principles emphasizing honesty, fairness, accountability, and social welfare. Consequently, stakeholders tend to evaluate halal companies beyond financial performance or halal certification alone. They also examine whether companies fulfill broader Islamic social responsibilities toward employees, consumers, communities, and the environment. ISR disclosure provides evidence that the company consistently applies Islamic ethical values in its operational activities, thereby strengthening stakeholder confidence and reputational value.

The influence of ISR on reputation can also be explained through Stakeholder Theory. According to this theory, companies must fulfill the expectations and interests of stakeholders in order to maintain support and legitimacy. Stakeholders such as consumers, investors, regulators, employees, and society increasingly demand transparency regarding corporate social responsibility activities. Through ISR disclosure, companies communicate their commitment to ethical business practices, social contribution, and Islamic accountability. Transparent reporting reduces information asymmetry and allows stakeholders to assess the company's integrity and responsibility more clearly. When stakeholders perceive that a company operates responsibly and in accordance with Islamic principles, they are more likely to trust the company, support its products, and maintain long-term relationships with the organization. This trust eventually contributes to stronger corporate reputation and competitive advantage.

Legitimacy Theory also explains why ISR significantly affects halal company reputation (Che Azmi et al., 2020). Companies seek legitimacy from society by aligning their activities with prevailing social norms, values, and expectations. In the context of halal businesses, societal expectations are closely related to Islamic ethical conduct and accountability. ISR serves as a mechanism through which companies demonstrate compliance with these expectations. Companies disclosing comprehensive ISR information are perceived as organizations that genuinely uphold Islamic principles rather than merely using halal branding as a marketing strategy. As a result, the public grants greater legitimacy to companies that actively disclose their social, ethical, and governance responsibilities. This legitimacy enhances reputational strength because stakeholders perceive the company as socially acceptable, morally responsible, and aligned with Islamic values.

Furthermore, the findings support Signaling Theory, which suggests that ISR acts as a positive signal to stakeholders regarding the company's quality and ethical commitment. In highly competitive halal industries, stakeholders often face difficulties evaluating whether companies genuinely implement Islamic values internally. ISR disclosure helps reduce this uncertainty by signaling transparency, accountability, and commitment to social welfare. Companies with extensive ISR disclosure are often perceived as more reliable and trustworthy because they voluntarily provide detailed information regarding governance practices, halal compliance, employee welfare, environmental initiatives, and community development programs. Positive signals generated through ISR improve public perception and contribute to stronger reputational outcomes.

The study also reveals that certain ISR dimensions have stronger influence on reputation than others. Product and service responsibility is among the most influential dimensions because consumers place high importance on halal integrity, product safety, and ethical marketing practices. Stakeholders expect halal companies to guarantee that products are not only halal-certified but also safe, high-quality, and ethically produced. Companies providing transparent disclosure regarding product responsibility are more likely to gain consumer trust and loyalty. Similarly, corporate governance disclosure significantly contributes to reputation because stakeholders associate transparent governance with professionalism, accountability, and ethical management. Strong governance practices indicate that the company

consistently adheres to Islamic ethical standards and minimizes the risk of misconduct or reputational scandals.

Social and community contribution also plays an important role in shaping corporate reputation. Islamic teachings emphasize social justice, charity, and concern for community welfare through concepts such as zakat, sadaqah, and *maslahah*. Companies actively involved in community empowerment, educational support, charitable programs, and poverty alleviation initiatives are often perceived positively by society. These activities demonstrate that the company contributes not only to economic growth but also to broader social development. Consequently, stakeholders tend to develop stronger emotional attachment and positive perceptions toward companies that actively fulfill their social obligations.

However, the study also indicates that some ISR dimensions, particularly environmental responsibility and employee welfare, remain relatively weaker. This finding suggests that many halal companies still prioritize external aspects directly visible to consumers while paying less attention to sustainability and internal social responsibility issues. Although environmental stewardship and employee justice are consistent with Islamic teachings, disclosure in these areas is often limited. As stakeholder awareness regarding sustainability continues to increase globally, companies that fail to improve these dimensions may face reputational risks in the future. Therefore, halal companies need to adopt more comprehensive ISR practices encompassing all aspects of Islamic ethical accountability.

From an Islamic perspective, ISR reflects the concept of *amanah* (trustworthiness) and accountability before Allah SWT and society. Islamic business ethics emphasize that companies are responsible not only for generating profit but also for promoting justice, transparency, welfare, and environmental preservation. ISR disclosure represents a practical manifestation of these values because it demonstrates the company's commitment to ethical conduct and social responsibility. Companies consistently implementing ISR are more likely to gain stakeholder respect and long-term legitimacy because they are perceived as organizations operating in accordance with Islamic moral principles.

Compare with Previous Studies

The findings of this study are generally consistent with previous research discussing the relationship between Islamic Social Reporting (ISR), Islamic Corporate Social Responsibility (ICSR), and corporate reputation. This study confirms that ISR positively and significantly influences the reputation of halal companies, indicating that transparent disclosure of Islamic ethical and social responsibility practices strengthens stakeholder trust and enhances corporate image. Similar findings were reported by Johan Arifin and Eke Ayu Wardani (2016), who found that Islamic Corporate Social Responsibility disclosure positively affected the reputation and financial performance of Islamic banks in Indonesia. Their study emphasized that companies implementing broader Islamic ethical disclosure gained stronger legitimacy and public confidence. Similarly, Nur Wahyu (2019) concluded that Islamic social responsibility disclosure improved stakeholder perceptions and reputational performance among Islamic commercial banks. The current study supports these findings by demonstrating that ISR functions as an important mechanism for building public trust and corporate credibility within halal-oriented businesses.

The results are also in line with the study conducted by Muhibuddin, Umiyati, Riza Eko Suswanto, and Dwi Irianti Haningdiyah (2022), which found that Islamic Social Reporting positively influenced the reputation of Islamic commercial banks. Their research highlighted that stakeholders perceive ISR disclosure as evidence of ethical accountability and compliance with Islamic principles. Similar to the present study, they argued that transparency regarding social contribution, governance, and Islamic ethical practices strengthens organizational legitimacy and institutional trust. Furthermore, the findings of this study support research by Fathian Attirmidzi (2025), who explained that Sharia Corporate Social Responsibility positively affects corporate image in the halal industry because Muslim consumers increasingly evaluate companies based on ethical and social considerations in addition to halal certification.

In terms of similarities, most previous studies and the current research demonstrate that ISR and Islamic ethical disclosure contribute positively to stakeholder trust, legitimacy, and reputational outcomes. Previous studies consistently show that companies implementing comprehensive ISR practices are perceived as more trustworthy, socially responsible, and ethically committed. Both earlier studies and this research also emphasize the importance of governance transparency, product responsibility, and social contribution as dominant dimensions influencing stakeholder perceptions. In addition, the findings collectively support Stakeholder Theory, Legitimacy Theory, and Signaling Theory, which explain that transparent social responsibility disclosure enhances organizational legitimacy and reduces information asymmetry between companies and stakeholders.

Despite these similarities, several differences distinguish this study from previous research. Many earlier studies primarily focused on Islamic banking institutions and financial sectors, whereas this study examines halal companies across broader industrial sectors, including food and beverages, cosmetics, pharmaceuticals, and consumer goods industries. This broader industrial scope provides a more comprehensive understanding of ISR implementation within the halal industry beyond Islamic financial institutions. Furthermore, previous studies often concentrated on the relationship between ISR and financial performance, firm value, or investment decisions, while the present study specifically analyzes the direct influence of ISR on corporate reputation. By focusing on reputation, this study highlights the strategic role of ISR in shaping stakeholder perceptions and strengthening halal business sustainability.

Another important difference lies in the contextual emphasis of the study. Previous research mainly discussed ISR within formal Islamic financial institutions where Islamic principles are already strongly institutionalized. In contrast, this study examines halal-oriented companies that may not necessarily operate fully under Islamic financial systems but still rely heavily on halal branding and consumer trust. Consequently, the current study places stronger emphasis on the consistency between halal identity and ethical business conduct. The findings indicate that stakeholders increasingly expect halal companies not only to offer halal-certified products but also to demonstrate broader Islamic ethical accountability through transparent social reporting practices.

Differences in research findings among previous studies may also result from variations in research methodology, industrial sectors, sample characteristics, and measurement indicators. Some studies reported stronger ISR influence on financial outcomes, while others found moderate relationships due to differences in stakeholder awareness, regulatory environments, and disclosure quality. Companies operating in highly visible consumer-oriented industries may experience stronger reputational effects from ISR disclosure because consumers directly evaluate ethical and halal-related aspects of products and services. Meanwhile, differences in ISR disclosure standards and reporting consistency may also influence the significance of results across studies.

Islamic Perspective Discussion

From an Islamic perspective, the findings of this study reinforce the principle that business activities are not solely intended to generate profit but also to fulfill moral, social, and spiritual responsibilities. Islamic Social Reporting reflects the concept of accountability to Allah SWT and society, where companies are expected to operate based on Islamic ethical values such as honesty (*sidq*), trustworthiness (*amanah*), justice (*‘adl*), transparency, and social welfare (*maslahah*). In Islam, business organizations are considered part of the social system and therefore have responsibilities toward stakeholders, communities, and the environment.

The positive influence of ISR on company reputation indicates that stakeholders value companies that integrate Islamic ethics into their business operations genuinely and consistently. Muslim consumers increasingly expect halal companies to uphold Islamic values comprehensively rather than merely using halal certification as a commercial branding strategy. Transparent ISR disclosure demonstrates that companies are committed to implementing Islamic teachings in areas such as employee welfare, fair business practices, community empowerment, environmental stewardship, and governance accountability. Companies that consistently disclose these practices are more likely to gain public trust because they are perceived as organizations that fulfill both economic and religious obligations responsibly.

The findings also align with the Islamic concept of *amanah*, which emphasizes responsibility and trustworthiness in managing resources and conducting business activities. Companies implementing ISR transparently fulfill their *amanah* toward stakeholders by providing accurate information regarding their ethical and social responsibilities. This transparency strengthens stakeholder confidence and reduces suspicion regarding the authenticity of halal-oriented business practices. In Islamic teachings, honesty and openness are essential foundations of business ethics because they prevent deception and protect stakeholder interests.

In addition, the study supports the Islamic principle of *maslahah*, which prioritizes public benefit and social welfare. ISR dimensions related to social contribution, zakat distribution, charity programs, educational support, and community empowerment reflect the company's role in promoting collective welfare and reducing social inequality. Companies actively engaging in these activities are perceived positively because they contribute to societal development in accordance with Islamic moral values. Such practices strengthen emotional attachment between stakeholders and companies, ultimately improving corporate reputation and long-term sustainability.

Environmental responsibility, although still relatively weak among some halal companies, is also closely connected to Islamic teachings regarding stewardship (khalifah). Islam teaches that humans are responsible for protecting and preserving the environment as part of their role as Allah's representatives on earth. Therefore, halal companies are expected not only to ensure halal compliance but also to implement sustainable environmental practices. Companies improving environmental disclosure and sustainability initiatives may gain stronger legitimacy and reputational value in the future as stakeholder awareness regarding environmental ethics continues to increase.

CONCLUSION

This study examines the influence of Islamic Social Reporting (ISR) on the reputation of halal companies. Based on the results of the analysis and discussion, it can be concluded that the implementation of ISR among halal companies is generally categorized as moderate to high. Most halal companies have disclosed information related to Islamic social responsibility, particularly in the areas of product and service responsibility, corporate governance, and social contribution. These disclosures demonstrate the companies' commitment to implementing Islamic ethical principles, transparency, and accountability in business operations. The findings of this study indicate that Islamic Social Reporting positively and significantly influences halal company reputation. Companies with broader and more transparent ISR disclosures tend to possess stronger reputational performance, higher stakeholder trust, and more positive public perception. The results also reveal that the most influential ISR dimensions on corporate reputation are product and service responsibility, corporate governance, and social/community contribution. From a theoretical perspective, this study supports Stakeholder Theory, Legitimacy Theory, and Signaling Theory. The findings confirm that companies implementing transparent ISR practices are better able to fulfill stakeholder expectations, gain public legitimacy, and provide positive signals regarding ethical business conduct. In addition, this study contributes to the development of literature in Islamic business, Islamic accounting, and Islamic corporate social responsibility by providing empirical evidence regarding the relationship between ISR and halal company reputation. The study also expands previous research by examining halal-oriented companies across broader industrial sectors rather than focusing solely on Islamic financial institutions. Regulators and halal industry stakeholders may also use these findings as a reference for developing standardized ISR disclosure frameworks to enhance transparency and public confidence in halal businesses. Despite its contributions, this study has several limitations. First, the research uses a limited sample size consisting of halal companies within certain sectors and observation periods, which may affect the generalizability of the findings. Second, the measurement of ISR is limited to selected disclosure indicators available in company reports, which may not fully capture all aspects of Islamic social responsibility practices. Third, the study focuses primarily on halal companies in Indonesia, so the findings may differ in countries with different regulatory systems, cultural conditions, and levels of halal industry development. Therefore, future research is recommended to expand the scope of analysis by including larger sample sizes, different industrial sectors, and cross-country comparisons to obtain broader empirical insights regarding ISR implementation. Future studies may also incorporate mediating or moderating variables such as consumer trust, customer satisfaction, corporate governance quality, or financial performance to examine more complex relationships between ISR and company reputation. In addition, longitudinal studies covering longer observation periods are suggested to analyze the consistency and long-term impact of ISR practices on corporate reputation and business sustainability.

AUTHORS' DECLARATION

Authors' Contributions and Responsibilities

All authors contributed significantly to the completion of this research.

Competing Interests

The authors declare that there are no competing interests regarding the publication of this research. The study was conducted independently without any financial, commercial, or personal relationships that could influence the objectivity, interpretation, or findings of the research.

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