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The Influence of Working Capital and Financial Ratios on Profitability with Islamic Social Reporting as Variables Moderation in Companies Listed on the Jakarta Islamic Index for the 2023-2025 Period

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ABSTRACT

This study aims to examine the effect of working capital and financial ratios on profitability, with Islamic Social Reporting (ISR) as a moderating variable, in companies listed on the Jakarta Islamic Index (JII) during the 2023-2025 period. This study employs a quantitative approach with panel data drawn from the annual reports of 17 companies selected through purposive sampling, resulting in 47 observations over the 2023-2025 period. Data were analyzed using panel data regression with the Random Effect Model (REM) and Moderated Regression Analysis (MRA) through the EViews program.

INTRODUCTION

Profitability company be one of aspects that are highly considered, especially for listed companies in the Jakarta Islamic Index (JII). The Jakarta Islamic Index is index sharia shares containing 30 companies with level liquidity high and has fulfil principles of Islamic sharia. JII was launched in 2000 as reject measuring performance sharia stocks in Indonesia and become reference for Muslim investors in investing in the capital market. Companies listed on the JII have through a strict screening process For ensure that business models, products, and practices finance they No contradictory with sharia principles. With characteristics unique In this regard, companies at JII offer different perspectives in analysis finance compared to with company conventional. Companies that enter in index This No only sued For produce advantage, but also mandatory operate activity appropriate operations with sharia principles. Therefore that, analysis to factors that influence profitability in JII companies becomes very relevant For reviewed.

Profitability is one of the indicator main used For evaluate success performance finance something company. Profitability show ability company in produce profit through utilization assets, capital, and activities owned operations. The more tall level profitability, then the more Good ability company in create mark economy as well as increase investor and stakeholder confidence interests. In context management finance, profitability become size important For evaluate effectiveness management source Power company.

But behind prestige said, performance profitability JII companies do not always walk smooth. Return on assets (ROA) data which is indicator efficiency total asset usage in produce profit show fluctuating pattern in the period 2023 to 2025. The average ROA of JII companies was recorded by 8.61% in 2023 , then experience decline to 7.94% in 2024 , before A little getting better to around 8.17 % in 2025. The decline by 0.67 % from 2023 to 2024 Possible seen small , but at index level with capitalization big , this represent pressure sufficient profitability significant.

Working capital is one of the the most fundamental factor in determine smoothness operational company. In perspective management finance , working capital can understood in two dimensions namely Gross Working Capital (GWC), the total asset smooth owned company and Net Working Capital (NWC), the difference between asset fluent with obligation smooth which reflects ability company closing long-term debt in short from the most liquid assets. Working capital management is too loose create asset unemployed , and too much working capital strict result in difficulty liquidity, this is one of the key main from profitability term long.

The Net Working Capital (NWC) variable shows an average of 42.39% in 2023, increasing to 43.21% in 2024 , and 43.62% in 2025 , for an overall average of 43.10%. NWC value in study This measured as ratio to Total Assets, so that number percentage the can interpreted in a way direct as the average difference between asset current and liabilities smooth running of the Company. Because NWC is ratio part from total (part-to-whole), then its value in a way conceptual is in the range of 0% to 100%, and the trend the increase from year to year show strengthening proportion from working capital clean company to its total assets.

The Gross Working Capital (GWC) variable shows an average of 328.14% in 2023, increasing to 344.79% in 2024 , then decrease to 331.40% in 2025 , with an overall average of 334.63%. Need underlined that mark GWC percentage is far above 100 % No is error calculation, but rather characteristics reasonable from ratio comparison No ratio part - of - total used as GWC size , so that in a way experience can worth many times fold from 100%. Which becomes focus attention in study This is not big small number absolute said , but rather pattern fluctuating ups and downs from year to year , which indicates that working capital management dirty on the company sample Not yet fully consistent.

Current Ratio (CR *)* Variable showed an average of 224.06% in 2023, decreasing to 221.10% in 2024, and back decrease to 217.95% in 2025, with an overall average of 220.91%. In practice analysis report finance , Current Ratio is indeed common stated in form percentage above 100 % or in units of times, for example 2.21 times, because ratio This compare asset fluent to obligation large smooth flow No restricted must more small from one of them . The downward trend of CR in general percentage from year to year This still be on top standard ideal liquidity of 200% (2:1), however trend decline need examined as indication beginning changes in management strategy asset fluent company.

The Debt to Equity Ratio (DER) variable showed an average of 84.57% in 2023 , decreasing to 82.29% in 2024 , then return increase to 83.85% in 2025 , with an overall average of 83.58%. Different with GWC and CR, the DER value is deep percentage This Still is below 100 %, which means on average total company debt sample Still more small compared to equity it owns . Although thus , fluctuating movements from year to year show that composition company capital structure sample No fully stagnant , but rather Keep going adapt self to condition finance and policy funding in each period.

ISR in action as a medium of spiritual and social transparency. When a company capable show performance good finances through working capital management and ratios optimal finances and at the same time committed tall to ISR disclosure , then mark company in the eyes public will increase in a way exponential . Legitimacy social This trigger loyalty Muslim consumers, increasing reputation corporations in the eyes of green investors (*sustainable investors*), and minimize conflict social . In other words, strong ISR disclosure allegedly can become catalyst or amplifier that makes governance efficiency internal finance is capable converted in a way more massive become high profitability.

H1: Gross Working Capital (GWC) has an effect positive and significant on Return on Assets (ROA) in companies listed on the Jakarta Islamic Index for the period 2023–2025.

H2: Net Working Capital (NWC) has an effect positive and significant on Return on Assets (ROA) in companies listed on the Jakarta Islamic Index for the period 2023–2025.

H3: Current Ratio (CR) has an effect positive and significant on Return on Assets (ROA) in companies listed on the Jakarta Islamic Index for the period 2023–2025.

H4: Debt to Equity Ratio (DER) has an effect negative and significant on Return on Assets (ROA) in companies listed on the Jakarta Islamic Index for the period 2023–2025.

H5: Islamic Social Reporting (ISR) moderates strengthen The influence of GWC on Return on Assets (ROA) in companies listed on the Jakarta Islamic Index for the period 2023–2025.

H6: Islamic Social Reporting (ISR) moderates strengthen The influence of NWC on Return on Assets (ROA) in companies listed on the Jakarta Islamic Index for the period 2023–2025.

H7: Islamic Social Reporting (ISR) moderates strengthen The influence of CR on Return on Assets (ROA) in companies listed on the Jakarta Islamic Index for the period 2023–2025.

H8: Islamic Social Reporting (ISR) moderates strengthen The influence of DER on Return on Assets (ROA) in companies listed on the Jakarta Islamic Index for the period 2023–2025.

RESEARCH METHODS

Study This use type study quantitative research This using secondary data in the form of an annual report, namely the data obtained in a way No direct shaped evidence , records , or report historical that has been organized from Companies listed on the Jakarta Islamic index.

Population used in study This is population from the Islamic stock index registered with the Jakarta Islamic Index Company in period 2023 to 2025, totaling 30 companies . However, in the study This only used by 17 companies in period 2023-2025 period , 17 samples were taken Because adapt with Islamic Social Responsibility checklist that has been conducted in the research This.

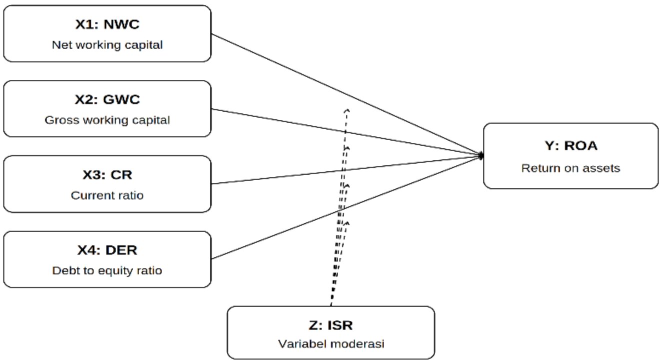
In do research data processing This using Eviews software version 14. Eviews used For process data with fast, precise as well as can give results in accordance desire from the users. With research instrument testing in the form of : Descriptive Statistical Test , Stationarity Test, Regression Test but For can completing the Regression Test so required specification one model, and several Regression Test Method the is Common Effect Test Regression, Fixed Effect Test Regression , and Regression with Random Effect. After perform the test so be chosen one regression test model that will be used For then tested with the Assumption Test Classic . In the assumption test classic There is a number of use of tests that include the Normality Test and the Multicollinearity Test . And then using the Moderating Regression Analysis (MRA) test in order to know how much influential moderating variables in strengthen or weaken connection from the dependent variable to the independent variable. And the stage final is a Hypothesis Test which includes the t-Test, f-Test and Coefficient Test Determinant (R2). Objective from the conduct of the test is For know how much affect working capital such as NWC (X1) GWC (X2), Ratio Finance CR (X3) DER(X4), Against Profitability ROA (Y) and IRS (Z) as moderating variables in connection weaken or strengthen of the variable.

RESULTS AND DISCUSSION

Results

In a way schematic , research This can depicted as independent variables GWC, NWC, CR, and DER form track influence direct towards ROA (path main H1 to H4). Meanwhile that , ISR is present as variables cutting moderation paths the that is when ISR is high , the influence of GWC, NWC, and CR on ROA is strengthened , while influence negative DER on ROA weakens (path moderation H5). At the most comprehensive level , all variables tested together in testing simultaneous (H6). This model tested in a way empirical use Moderated Regression Analysis (MRA) approach with balanced panel data using device EViews software , with election between the Fixed Effect Model (FEM) and the Random Effect Model (REM) based on Hausman Test results.

Figure 1. Framework Conceptual



Data analysis

Statistical Test Descriptive

Analysis statistics descriptive used For give description general about characteristics of research data before done testing more continue . Statistics descriptive in study This serve minimum, maximum , average (mean), and standard values deviation from each variable research , namely Gross Working Capital (GWC), Net Working Capital (NWC), Current Ratio (CR), Debt to Equity Ratio (DER), Return on Assets (ROA), and Islamic Social Reporting (ISR) scores , which were processed from 47 observations (from 30 companies) during period 2023-2025 and which has fulfil standard checklist from ISR) using EViews application.

Figure 2 Statistical Test Descriptive

	X1	X2	X3	X4	Y	Z
Mean	0.430974	3.346326	2.209076	0.835816	0.090472	0.767937
Median	0.399117	2.384362	1.741923	0.741923	0.082842	0.744186
Maximum	0.973417	9.360576	9.128347	2.345566	0.333852	0.976744
Minimum	0.134965	1.534653	1.119609	0.119609	0.002344	0.744186
Std. Dev.	0.199988	1.938404	1.847933	0.582085	0.071474	0.057476
Skewness	1.014756	1.536248	3.217456	0.950396	1.545976	3.119422
Kurtosis	4.082314	4.638625	12.17121	3.180194	5.744605	11.63129
Jarque-Bera	10.36021	23.74542	245.8085	7.139070	33.47383	222.1186
Probability	0.005627	0.000007	0.000000	0.028169	0.000000	0.000000
Sum	20.25576	157.2773	103.8266	39.28337	4.252200	36.09302
Sum Sq.	10.56947	699.1419	386.4442	48.41956	0.619698	27.86912
Sum Sq. Dev.	1.839775	172.8408	157.0834	15.58588	0.234992	0.151963
Observations	47	47	47	47	47	47

Source : EViews data processing results , 2026

In a way overall, results statistics descriptive above show that ROA variable has level the highest data variation among variables study others, which indicates existence difference performance profitability between company sample. In contrast , the ISR variable shows level the highest homogeneity, which indicates that level compliance disclosure relative social sharia uniform among companies that become JII constituents during period 2023-2025.

Stationary Test

In study This testing stationary using the unit root test through the Levin, Lin, and Chu (LLC Test). served table results from stationary test on each variables

Figure 3 Stationary Test

Null Hypothesis: Y has a unit root
Exogenous: Constant
Lag Length: 1 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-5.271766	0.0000
Test critical values:	1% level	-3.506484	
	5% level	-2.894716	
	10% level	-2.584529	

Source : EViews data processing results , 2026

Seen from the table above test data results obtained mark from Probability 0.0000 < 0.05 so Can seen that all variables independent , dependent , and moderation has fulfil provision data stationarity so that the data worthy continued in the next test.

Panel Data Regression Test

In analysis panel data regression , there is three common estimation model approaches used , namely the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). For determine the most appropriate estimation model used in study this , done three stage testing model selection with help EViews application , namely the Chow Test, Hausman Test, and Lagrange Multiplier (LM) Test.

Chow Test

The Chow test is used For determine a more precise model appropriate used between the Common Effect Model (CEM) and the Fixed Effect Model (FEM). The proposed hypothesis in this test is H0: the Common Effect model is better appropriate used , Ha: Fixed Effect model is more appropriate used . Criteria taking decisions used is if mark Cross-section probability F more small from level significance of 0.05, then H0 is rejected and the model is selected is the Fixed Effect Model. The results of the Chow test in study This presented in the table following.

Figure 4 Common Effect Model Test Results

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	28.245286	(29,55)	0.0000
Cross-section Chi-square	248.928912	29	0.0000

Source : EViews data processing results , 2026

Based on the table above , obtained mark Cross-section probability F of 0.0000, which means more small from level significance of 0.05. With Thus , H0 is rejected, so can concluded that the Fixed Effect Model (FEM) is more appropriate used compared to the Common Effect Model (CEM) in study This is because FEM was selected at this stage . this , then testing to be continued with the Hausman Test for determine is FEM also more appropriate used compared to the Random Effect Model (REM).

Hausman test

Hausman test is used For determine a more precise model appropriate used between the Fixed Effect Model (FEM) and the Random Effect Model (REM). The proposed hypothesis in this test is H0: Random Effect model is better appropriate used , Ha: Fixed Effect model is more appropriate used . Criteria taking decisions used is if mark random cross-section probability is greater small from level significance of 0.05, then H0 is rejected and the model is selected is the Fixed Effect Model on the contrary , if mark probability more big of 0.05, then H0 is accepted and the model is selected is the Random Effect Model. The results of the Hausman test in study This presented in the table following.

Figure 5 Hausman Test Results

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	4.472511	5	0.4836

Source : EViews data processing results , 2026

Based on the table above, obtained mark The probability of a random cross-section is 0.4836, which means more big from level significance of 0.05. With Thus , H0 is accepted , so can concluded that the Random Effect Model (REM) is more appropriate used in study this . Because the previous Chow Test results show that FEM is more appropriate compared to CEM, while Hausman test results show that REM is more appropriate compared to FEM, then need done testing advanced in the form of the Lagrange Multiplier Test for ensure is REM also more appropriate used compared to CEM.

Lagrange Multiplier (LM) Test

The Lagrange Multiplier (LM) test is used For determine a more precise model appropriate used between the Common Effect Model (CEM) and the Random Effect Model (REM). The proposed hypothesis in this test is H0: the Common Effect model is better appropriate Ha is used : Random Effect model is more appropriate used . Criteria taking decisions used is if mark Breusch-Pagan cross-section probability is greater small from level significance of 0.05, then H0 is rejected and the model is selected is the Random Effect Model. The results of the LM test in study This presented in the table following.

Figure 6 Lagrange Multiplier Test Results

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	71.04434 (0.0000)	1.312559 (0.2519)	72.35690 (0.0000)
Honda	8.428781 (0.0000)	-1.145670 (0.8740)	5.149937 (0.0000)
King-Wu	8.428781 (0.0000)	-1.145670 (0.8740)	1.032816 (0.1508)
Standardized Honda	9.262146 (0.0000)	-0.908704 (0.8182)	1.831321 (0.0335)
Standardized King-Wu	9.262146 (0.0000)	-0.908704 (0.8182)	-1.027687 (0.8480)
Gourieroux, et al.	--	--	71.04434 (0.0000)

Source : EViews data processing results , 2026

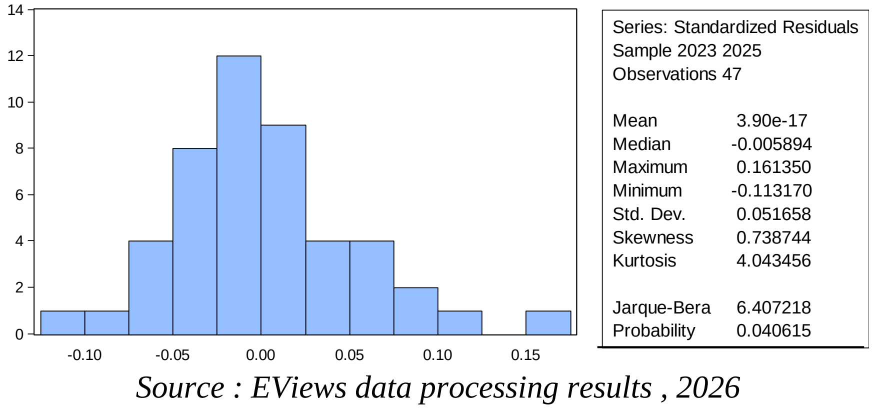
Based on the table above , obtained mark Breusch-Pagan probability on the cross-section is 0.0000, which means more small from level significance of 0.05. With Thus , H0 is rejected , so can concluded that the Random Effect Model (REM) is more appropriate used compared to the Common Effect Model (CEM) in study This .

With thus, it can concluded that the most appropriate and consistent estimation model used in study This is the Random Effect Model (REM), so this model is used as base in testing panel data regression and Moderated Regression Analysis (MRA).

Assumption Test Classic

Normality Test

Figure 7 Normality Test Results



Source : EViews data processing results , 2026

Normality test done For know are the residuals of the regression model normally distributed. And based on the results of the Jarque-Bera test above, obtained mark probability of 0.040615, which means that the residual model is distributed almost perfectly. So that analysis still can to be continued.

Multicollinearity Test

Figure 8 Multicollinearity Test Results

	X1	X2	X3	X4
X1	1.000000	0.159610	0.490769	0.094221
X2	0.159610	1.000000	-0.187272	-0.591730
X3	0.490769	-0.187272	1.000000	0.746562
X4	0.094221	-0.591730	0.746562	1.000000

Source : EViews data processing results , 2026

Multicollinearity test done For know There is whether or not high correlation between variables independent. Based on matrix correlation between X1, X2, X3, and X4, all over mark coefficient correlation is below 0.90. With thus, it can concluded that No happen problem serious multicollinearity among variables independent used in the research model This.

Moderated Regression Analysis (MRA) Test

For test the role of Islamic Social Reporting (ISR) as variables moderation , used Moderated Regression Analysis (MRA) approach with enter variables interaction between each variable independent with variables moderation (X1Z, X2Z, X3Z, and X4Z) to in the regression model.

Figure 9 Results of the First Moderated Regression Analysis Test

Dependent Variable: Y
Method: Panel EGLS (Cross-section random effects)
Date: 07/28/26 Time: 02:02
Sample: 2023 2025
Periods included: 3
Cross-sections included: 16
Total panel (unbalanced) observations: 47
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.055588	0.142486	-0.390128	0.6985
X1	0.301300	0.063509	4.744225	0.0000
X2	0.019193	0.006023	3.186432	0.0028
X3	-0.053732	0.012433	-4.321859	0.0001
X4	0.083244	0.036743	2.265548	0.0288
Z	0.001796	0.194612	0.009229	0.9927

Effects Specification

	S.D.	Rho
Cross-section random	0.035968	0.4961
Idiosyncratic random	0.036248	0.5039

Weighted Statistics

R-squared	0.534351	Mean dependent var	0.045836
Adjusted R-squared	0.477565	S.D. dependent var	0.057759
S.E. of regression	0.041710	Sum squared resid	0.071328
F-statistic	9.409834	Durbin-Watson stat	1.720953
Prob(F-statistic)	0.000005		

Unweighted Statistics

R-squared	0.434185	Mean dependent var	0.090472
Sum squared resid	0.132962	Durbin-Watson stat	0.923213

Source : EViews data processing results , 2026

From the results testing First the regression model is obtained that is test the influence of Net Working Capital (X1), Gross Working Capital (X2), Current Ratio (X3), and Debt to Equity Ratio (X4) on Return on Assets (Y), with participate includes Islamic Social Reporting (Z). The results of panel data regression with Random Effect Model approach shows equality as following :

Y = -0.055588 + 0.301300X1 + 0.019193X2 - 0.053732X3 + 0.083244X4 + 0.001796Z

Figure 10 Results of the Second Moderated Regression Analysis Test

Dependent Variable: Y
Method: Panel EGLS (Cross-section random effects)
Date: 07/28/26 Time: 02:06
Sample: 2023 2025
Periods included: 3
Cross-sections included: 16
Total panel (unbalanced) observations: 47
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.081547	0.153025	0.532902	0.5970
X1Z	0.397854	0.083866	4.743905	0.0000
X2Z	0.025051	0.007850	3.191156	0.0027
X3Z	-0.070864	0.016363	-4.330638	0.0001
X4Z	0.108904	0.047680	2.284071	0.0276
Z	-0.178152	0.219145	-0.812940	0.4209

Effects Specification

	S.D.	Rho
Cross-section random	0.035192	0.4895
Idiosyncratic random	0.035942	0.5105

Weighted Statistics

R-squared	0.546037	Mean dependent var	0.046290
Adjusted R-squared	0.490676	S.D. dependent var	0.057864
S.E. of regression	0.041258	Sum squared resid	0.069790
F-statistic	9.863164	Durbin-Watson stat	1.721498
Prob(F-statistic)	0.000003		

Unweighted Statistics

R-squared	0.450678	Mean dependent var	0.090472
Sum squared resid	0.129086	Durbin-Watson stat	0.930725

Source : EViews data processing results , 2026

For test the role of ISR as variables moderation , is done regression stage second with enter variables interaction between each variable independent with variables moderation (X1Z, X2Z, X3Z, X4Z). Estimation results show equality as following:

Y = 0.081547 + 0.397854X1Z + 0.025051X2Z - 0.070864X3Z + 0.108904X4Z - 0.178152Z

Test results show that variables X1Z interaction has coefficient of 0.397854 with probability of 0.0000, which means significant . Variable X2Z interaction has coefficient of 0.025051 with probability of 0.0027, which is also significant. The variable X3Z interaction has coefficient of -0.070864 with probability of 0.0001, which is significant with direction negative . Variable X4Z interaction has coefficient of 0.108904 with probability of 0.0276, which is significant with direction positive.

Hypothesis Testing

t-test (Test) Partial)

Testing This done to see How determinant from variables free on the Company's value and as variables bound in a way individual . The results of multiple linear regression test that has been processed served following :

Figure 11 Hypothesis Test Results

Hypothesis	Variables	Coefficient	Prob.	Direction	Information	Decision
H1	NWC (X1) → ROA	0.301300	0.0000	Positive	Significant ($p < 0.05$)	Accepted
H2	GWC (X2) → ROA	0.019193	0.0028	Positive	Significant ($p < 0.05$)	Accepted
H3	CR (X3) → ROA	-0.053732	0.0001	Negative	Significant ($p < 0.05$)	Accepted
H4	DER (X4) → ROA	0.083244	0.0288	Positive	Significant ($p < 0.05$)	Accepted
H5	X1Z (NWC × ISR) → ROA	0.397854	0.0000	Positive	Significant ($p < 0.05$)	Accepted
H6	X2Z (GWC × ISR) → ROA	0.025051	0.0027	Positive	Significant ($p < 0.05$)	Accepted
H7	X3Z (CR × ISR) → ROA	-0.070864	0.0001	Negative	Significant ($p < 0.05$)	Accepted
H8	X4Z (DER × ISR) → ROA	0.108904	0.0276	Positive	Significant ($p < 0.05$)	Accepted

Source : EViews data processing results , 2026

Based on from the results of the hypothesis test above influence from the IRS against variables decided acceptable . With 6 variables with positive direction and 2 variables with negative direction but still acceptable in a way significant and can contribute in profitability . And with thus It can be concluded that ISR is capable of moderate Independent and dependent variables in a way significant .

f Test (In terms of Simultaneous)

The F test is used For know influence from variables independent in a way together (simultaneously) against variables dependent . The results of the F test on the first model show F-statistic value of 9.409834 with probability of 0.000005, whereas in the second model F-statistic value of 9.863164 with probability 0.000003. Both mark probability the more small from level significance of 0.05, so that can concluded that in a way simultaneous all over variables independent influential significant towards ROA, both before and after inclusion variables moderation.

R^2 Test (Coefficient Test) Determination)

Coefficient value determination (Adjusted R-squared) is used For measure how much big ability variables independent in explain variation variables dependent . In the first model (without interaction), the Adjusted R-squared value is 0.477565, which means variables X1, X2, X3, X4, and Z are capable explain ROA variation of 47.76 percent , while the rest by 52.24 percent explained by other factors outside the research model . In the second model (with interaction), the Adjusted R-squared value increases to be 0.490676, which means model capabilities in explain ROA variation increases to 49.07 percent after inclusion variables ISR moderation . Improvement Adjusted R-squared value of the first model to the second model indicates that existence variables ISR moderation provides contribution addition in explain ROA variable.

Discussion of Research Results

The Effect of Net Working Capital on Return on Assets

Test results show that Net Working Capital (X1) has an effect positive and significant to Return on Assets, with mark coefficient of 0.301300 and the probability amounting to 0.0000 which is far below level significance of 0.05. With Thus , H1 in study This accepted . Findings This indicates that the more big difference between asset current and liabilities smooth owned companies , increasingly great ability company in produce profit on assets he owns.

The Effect of Gross Working Capital on Return on Assets

The Gross Working Capital (X2) variable is also proven influential positive and significant on ROA, with coefficient of 0.019193 and the probability of 0.0028 (< 0.05), so H2 is within study This accepted. This means that the more total assets smoothly managed companies, increasingly high level profitability that is capable achieved.

The Effect of Current Ratio on Return on Assets

test results on the Current Ratio variable (X3) show influence negative and significant on ROA, with coefficient of -0.053732 and the probability of 0.0001 (< 0.05), so H3 is within study This accepted . This result show that the more tall level liquidity the company being measured through CR, instead the more low level profitability generated.

The Effect of Debt to Equity Ratio on Return on Assets

The Debt to Equity Ratio variable (X4) shows influence positive and significant on ROA, with coefficient of 0.083244 and the probability of 0.0288 (< 0.05), so H4 is within study This accepted. Findings This show that improvement proportion of debt to equity precisely followed with improvement profitability company.

The Role of Islamic Social Reporting as Variables Moderation

Moderated Regression Analysis (MRA) testing shows that all over variables interactions, namely X1Z, X2Z, X3Z, and X4Z are proven influential significant on ROA. Variable X1Z interaction has coefficient of 0.397854 with probability of 0.0000, X2Z is 0.025051 with probability of 0.0027, X3Z is -0.070864 with probability of 0.0001, and X4Z of 0.108904 with probability of 0.0276. With Thus , the hypotheses H5a, H5b, H5c, and H5d in study This all of it accepted , which means ISR is proven moderate the influence of NWC, GWC, CR, and DER on ROA.

In the relationship between NWC and ROA, the coefficient X1Z interaction which is valuable positive and more big compared to coefficient influence directly X1 indicates that level increasing ISR disclosure tall capable strengthen influence positive NWC on ROA. A similar pattern is also seen in the relationship between GWC and DER on ROA, where ISR plays a role strengthen influence positive both of them . Meanwhile that , in the relationship between CR and ROA, the coefficient constant X3Z interaction worth negative show that ISR also participated strengthen influence negative CR on ROA, even though magnitude its influence A little increase compared to the model without interaction .

Although Thus , the ISR variable (Z) itself in a way direct No show significant influence on ROA, both in the first model or the second model , with mark the probabilities are 0.9927 and 0.4209 respectively . This indicates that ISR disclosure is not in a way direct push improvement profitability , but rather play a role more effective as strengthening variables connection between ratios finance with ROA. Findings This relevant remember mark standard ISR deviation in statistics descriptive classified as small, which shows that level ISR disclosure in companies relative JII constituents uniform so that variations not enough capable explain difference in ROA in general direct between company.

Testing Simultaneous and Model Capabilities

The results of the F test on both models show that all over variables independent in a way simultaneous influential significant towards ROA, both before and after inclusion variables interaction , with mark probabilities of 0.000005 and 0.000003 respectively . This confirm that NWC, GWC, CR, and DER are together is relevant determinants in explain profitability incorporated companies in JII.

Improvement Adjusted R-squared value of 0.477565 in the first model to 0.490676 in the second model participate confirm that the existence of ISR as variables moderation give contribution addition in explain ROA variation . In other words, a model that takes into account the role of ISR has Power clearer which is more Good compared to models that only depend on ratio finance solely , so that strengthen conclusion that aspect not quite enough answer social based Sharia principles also apply play a role in strengthen connection between management finance and profitability companies on the Jakarta Islamic Index.

CLOSING

Conclusion and Suggestions

From the results study This can It is concluded that The influence of Net Working Capital (NWC), Gross Working Capital (GWC), Current Ratio (CR), and Debt to Equity Ratio (DER) on Return on Assets (ROA), with Islamic Social Reporting (ISR) as variables moderation , in listed companies in the Jakarta Islamic Index (JII) during period 2023-2025. Based on results testing panel data regression with Random Effect Model (REM) approach and Moderated Regression Analysis (MRA) testing that has been explained previously prove that There is significant relationship from independent variables and dependent variables dependent with Islamic social reporting as variables moderation . And in a way simultaneously , the results of the F test on both regression models show that NWC, GWC, CR, and DER are together influential significant on ROA. In addition , the increase Adjusted R-squared value of 47.76 percent in the model without interaction to 49.07 percent in the model with interaction participate confirm that the existence of ISR as variables moderation give contribution meaningful addition in explain variation profitability company . With thus , it can concluded that working capital management and structure good funding , if accompanied with level disclosure not quite enough answer high social sharia , will the more strengthen achievement profitability affiliated companies in the Jakarta Islamic Index.

Based on results research and limitations that have been put forward above , then some suggestions that can given that is for the incorporated companies in the Jakarta Islamic Index it is recommended For more notice working capital management in a way proportional , no only improvement - oriented liquidity only , but also consider efficiency use asset fluently to be able to give optimal contribution to profitability . In addition , companies are also advised For Keep going increase quality and coverage disclosure of Islamic Social Reporting, considering its proven role strengthen connection between management finance and profitability company.

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