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Analysis of the Effects of Sharia Governance and Corporate Social Responsibility on Corporate Reputation and Financial Performance in Indonesian Sharia Multinational Companies

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ABSTRACT

This study investigates the interplay between Sharia Governance, Corporate Social Responsibility (CSR), Corporate Reputation, and Financial Performance in Indonesian Sharia multinational companies. A quantitative approach using Structural Equation Modeling with Partial Least Squares (PLS) analysis is employed to analyze data collected from 200 employees within selected companies. The results indicate significant positive relationships between Sharia Governance and both Corporate Reputation and Financial Performance, as well as between CSR and these outcomes. Furthermore, Corporate Reputation partially mediates the effects of Sharia Governance and CSR on Financial Performance. The findings underscore the importance of ethical governance and socially responsible practices in enhancing organizational outcomes, offering practical insights for managers and policymakers in Indonesian Sharia multinational companies.

Keywords: *Sharia Governance, Corporate Social Responsibility, Corporate Reputation, Financial Performance, Indonesian Multinational Companies*

1. INTRODUCTION

In the modern business environment, the fusion of ethical values and responsible corporate practices is of utmost importance, especially in regions where cultural, religious, and societal norms heavily influence organizational behavior. Studies emphasize the impact of national culture on corporate conduct, with findings revealing that cultural differences shape Foreign Direct Investment (FDI) inflows and influence business relationships and profitability [1]. Additionally, research highlights the role of religion in ethical decision-making and organizational behavior, particularly in Islamic contexts where religious principles guide individual and organizational ethical choices, ultimately impacting Corporate Social Responsibility (CSR) outcomes [2]. Furthermore, the significance of a code of ethics as a tool for integrating ethics, sustainability, and stakeholder attention is underscored, showcasing how ethical management is facilitated through participative processes and proactive ethical culture development within companies [3]. Moreover, scholarly work stresses the need for educational programs that intertwine business learning with ethical standards to address unethical behavior in management, emphasizing the positive impact of religious principles on creativity, honesty, and trust in business settings [4]. Lastly, theoretical frameworks on Codes of Ethics (COEs) highlight the importance of individual adoption and the influence of the institutional environment on ethical decision-making, showcasing variations in COEs across different global contexts and the necessity for a systematic investigation of COEs in transitional and emerging economies [5].

In Muslim-majority countries like Indonesia, adherence to Sharia principles is not only a reflection of religious beliefs but also a fundamental framework guiding business operations and governance structures. Islamic financial institutions in Indonesia, such as Baitul Maal wa Tamwil

(BMT), are mandated to uphold Sharia compliance, as dictated by the fatwa of the National Sharia Council (DSN) of the Indonesian Ulema Council (MUI) [6]. This adherence extends to Islamic banking businesses, where the application of Good Corporate Governance (GCG) principles is legally required, emphasizing the integration of Sharia law into business practices [7]. The legitimacy of profits in Islamic financial institutions is often granted through DSN-MUI fatwas, despite potential conflicts with religious ideals of justice and equality [8]. Furthermore, the development of Sharia economic regulations in Indonesia aims to enhance economic welfare and promote a just economic system [9]. Islamic law's crucial role in business practices in Indonesia underscores the need for Sharia compliance to foster development and provide solutions for all stakeholders [10].

Indonesia's status as the world's largest Muslim-majority nation has propelled the growth of Sharia-compliant businesses, not only in the financial sector but also across various industries like manufacturing, retail, and telecommunications [11], [12]. The surge in Sharia-compliant businesses is indicative of the increasing demand for Islamic principles in commerce and trade, with Indonesian Sharia multinational companies (MNCs) emerging as significant players in domestic and international markets [13]. These companies adhere to Sharia principles in their operations, contributing to the country's economic development and enhancing its global competitiveness. The rise of Sharia-compliant businesses underscores the importance of Islamic values in shaping Indonesia's economic landscape and highlights the potential for further growth and impact on the country's economy [8].

Amidst this backdrop, this research aims to delve into the intricate dynamics between Sharia governance, Corporate Social Responsibility (CSR), corporate reputation, and financial performance within Indonesian Sharia multinational companies. By conducting a rigorous quantitative analysis, this study seeks to unravel the nuanced relationships between these variables and shed light on their collective impact on organizational success and stakeholder management. Through empirical investigation and data-driven insights, this research endeavors to contribute to the existing body of knowledge on corporate governance, CSR, and performance management, while offering practical implications for businesses operating within the Indonesian Sharia context.

2. LITERATURE REVIEW

2.1 Sharia Governance and Corporate Performance

Sharia governance plays a crucial role in guiding Islamic financial institutions and businesses to adhere to Sharia law by emphasizing ethical conduct, transparency, and accountability in line with Islamic principles [7], [14]. Studies in Indonesia have highlighted the importance of implementing Good Corporate Governance (GCG) principles in Islamic banking to ensure legal compliance and financial stability [15], [16]. Furthermore, research has shown that religiosity positively influences perceptions of the role of independent commissioners in corporate governance within Islamic financial entities, underscoring the significance of faith-based values in governance practices [17]. The development of innovative products in Islamic financial institutions is also crucial for enhancing market competitiveness and expanding the range of available products in both Islamic and non-Islamic financial institutions, emphasizing the need for continuous synergy between Sharia economic law and regulatory frameworks.

In the Indonesian business landscape, where adherence to Islamic principles is paramount, Sharia governance, as emphasized in various studies, significantly influences the strategic orientation and operational soundness of Sharia Multinational Corporations (MNCs) [6], [7]. Key components of Sharia-compliant governance, such as Sharia supervisory boards and Sharia compliance committees, play a crucial role in upholding Islamic ethical standards and bolstering organizational resilience [18]. Research underscores the necessity for these governance structures to ensure Sharia compliance within Islamic financial institutions, like Baitul Maal wa Tamwil (BMT), by overseeing operations and marketing activities in alignment with Sharia principles set by authoritative bodies like the National Sharia Council (DSN) [19]. Additionally, studies highlight the positive impact of competent Sharia Supervisory Boards (SSBs) and frequent board meetings on enhancing the level of Sharia compliance disclosure based on AAOIFI standards in Indonesia and Malaysia [20].

2.2 Corporate Social Responsibility and Corporate Reputation

Corporate Social Responsibility (CSR) is a crucial aspect of modern business practices, involving the incorporation of social, environmental, and ethical considerations into company operations and relationships with stakeholders [21]. CSR initiatives encompass diverse activities such as philanthropy, environmental sustainability efforts, employee welfare programs, and ethical supply chain practices [22]. Research indicates that engaging in CSR can significantly enhance corporate reputation by building stakeholder trust, fostering goodwill, and reducing reputational risks [23]. By balancing profit with social welfare and participating in CSR projects that contribute to societal well-being, organizations can improve their competitiveness, investment attractiveness, and long-term sustainability [24]. Furthermore, CSR serves as a strategy for companies to address current social, environmental, and societal challenges while promoting socio-ecological sustainability [25].

In the Indonesian context, Corporate Social Responsibility (CSR) plays a crucial role for Sharia-compliant Multinational Corporations (MNCs) in showcasing their dedication to societal welfare and environmental sustainability while upholding Islamic principles of social justice and fairness [26], [27]. Engaging in impactful CSR initiatives not only enhances the reputation of these companies but also fosters stronger relationships with customers, employees, investors, and local communities [28]. The quality of CSR services provided by Islamic banks, such as Bank Syariah Indonesia, is evaluated through indices like Islamic Social Reporting (ISR) and Maqashid Syariah Index (MSI), ensuring alignment with ethical, halal, and fair practices while supporting community development and environmental conservation [29]. Additionally, the disclosure of CSR activities by Islamic banks in Indonesia is influenced by factors like company size, profitability, and liquidity, highlighting the importance of transparency and accountability in social responsibility efforts [30].

2.3 Interaction between Sharia Governance, CSR, and Corporate Performance

The integration of Sharia governance principles with CSR initiatives in Islamic banks can lead to a virtuous cycle where ethical governance, stakeholder engagement, and financial performance mutually reinforce each other [31]–[33]. Studies have shown that certain board characteristics, such as the size and independence of the Board of Directors, as well as the size and cross-membership in the Sharia Supervisory Board, positively influence sustainability reporting in Islamic banks, highlighting the importance of ethical governance in driving responsible practices [34]. Additionally, the disclosure of Islamic ethical identity through Islamic corporate governance significantly impacts financial performance, emphasizing the role of transparency and ethical values in enhancing organizational outcomes in Islamic banking institutions [35]. Furthermore, empirical evidence suggests that Islamic social reporting has a favorable impact on the financial performance of Islamic banks, with financial indicators like ROA and ROE moderating and strengthening this relationship, underscoring the potential synergies between ethical governance, CSR, and corporate performance in Islamic banking contexts.

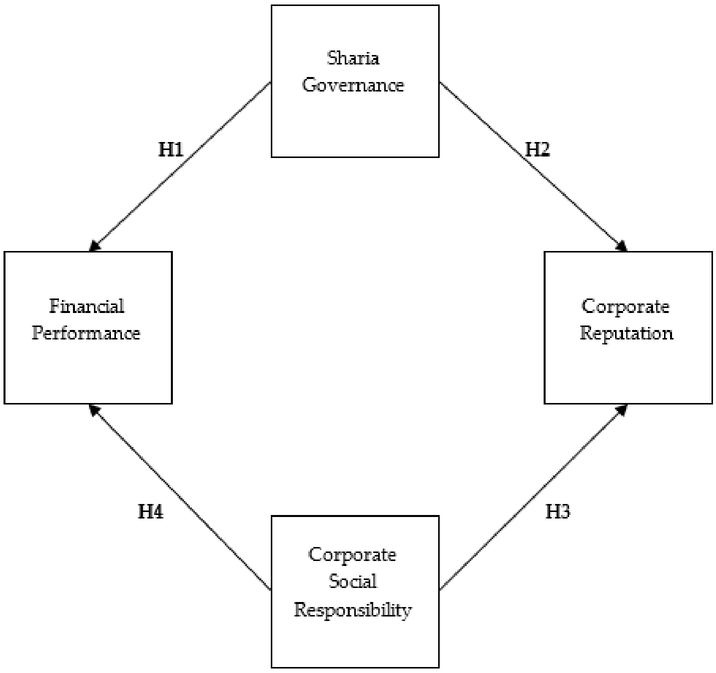

Figure 1. Conceptual Framework

3. METHODS

3.1 Research Design

This study employs a quantitative research design to investigate the relationships between Sharia governance, CSR, corporate reputation, and financial performance in Indonesian Sharia multinational companies. A cross-sectional survey method is utilized to collect data from employees of selected multinational companies operating under Sharia principles.

3.2 Data Collection

Data is collected through a structured questionnaire administered to employees within the selected companies. The questionnaire comprises items measuring Sharia governance, CSR activities, corporate reputation, and financial performance. Respondents are asked to rate each item on a Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

3.3 Sampling

A convenience sampling technique is employed to select participants from Indonesian Sharia multinational companies. A sample size of 200 employees is targeted to ensure adequate statistical power for analysis. Participants are selected based on their involvement in corporate governance, CSR activities, or financial management within their respective organizations.

3.4 Variables and Measurement

1) Sharia Governance: Measured using items assessing the extent to which the company adheres to Sharia principles in its governance structures and practices.
2) Corporate Social Responsibility (CSR): Assessed through items gauging the company's engagement in socially responsible activities, including philanthropy, environmental sustainability, and ethical business practices.
3) Corporate Reputation: Measured using items reflecting stakeholders' perceptions of the company's reputation, credibility, and trustworthiness.
4) Financial Performance: Assessed through items evaluating the company's financial indicators such as profitability, liquidity, and solvency.

3.5 Data Analysis

The analysis utilizes Structural Equation Modeling (SEM) with Partial Least Squares (PLS), a method adept at elucidating intricate relationships between latent constructs and observed variables, aligning well with the study's objectives. The analysis unfolds through several key stages: firstly, Measurement Model Assessment evaluates the reliability and validity of the measurement model by scrutinizing item loadings, composite reliability, and average variance extracted (AVE). Following this, Structural Model Estimation delves into the structural relationships between latent constructs, probing the direct and indirect impacts of Sharia governance and CSR on corporate reputation and financial performance. Subsequently, Bootstrapping Analysis employs robust techniques to scrutinize the significance of path coefficients and elucidate the mediation effects of corporate reputation on the linkages between Sharia governance, CSR, and financial performance. Lastly, Model Fit Evaluation assesses the SEM-PLS model's goodness-of-fit using benchmarks like the chi-square test, goodness-of-fit index (GFI), and root mean square error of approximation (RMSEA), ensuring the model's adequacy in capturing the underlying relationships within the dataset.

4. RESULTS AND DISCUSSION

4.1 Demographic Sample

The demographic sample analysis provides insights into the characteristics of the participants involved in the study. The table below summarizes the demographic information collected from the respondents.

Table 1. Demographic Sample

Demographic Variable	Frequency	Percentage
Gender		
- Male	110	55.0%
- Female	90	45.0%
Age Group		
- Below 30 years	70	35.0%
- 30-40 years	80	40.0%
- Above 40 years	50	25.0%
Education Level		
- High School	40	20.0%
- Bachelor's Degree	100	50.0%
- Master's Degree	40	20.0%
- Ph.D.	20	10.0%

Years of Experience		
- Less than 5 years	60	30.0%
- 5-10 years	70	35.0%
- More than 10 years	70	35.0%

The demographic characteristics of the sample population offer valuable insights into the study's participant composition, aiding in contextualizing and gauging the generalizability of the findings. A gender distribution of 55.0% males and 45.0% females suggests a balanced representation, facilitating exploration into potential gender-related disparities in perceptions or attitudes towards the study variables. Regarding age groups, the sample exhibits diversity, with 35.0% below 30 years old, 40.0% aged between 30-40 years, and 25.0% above 40 years old, enabling examination of varied attitudes across different stages of professional development and life experiences. Educational backgrounds also vary, with 20.0% having a high school education, 50.0% holding a Bachelor's degree, 20.0% possessing a Master's degree, and 10.0% holding a Ph.D., indicating a diverse sample with varied academic achievements likely influencing perspectives on study variables. Additionally, the distribution of years of experience, with 30.0% having less than 5 years, 35.0% with 5-10 years, and 35.0% with over 10 years, reflects a mix of early-career professionals, mid-career individuals, and seasoned veterans, offering nuanced insights into evolving perceptions and behaviors throughout one's career trajectory.

4.2 Measurement Model

The measurement model results indicate the reliability and validity of the constructs, including Sharia governance, Corporate Social Responsibility (CSR), corporate reputation, and financial performance.

Table 2. Measurement Model

Variable	Code	Loading Factor	Cronbach's Alpha	Composite Reliability	Average Variant Extracted
Sharia Governance	SG.1	0.839	0.912	0.938	0.791
	SG.2	0.929			
	SG.3	0.910			
	SG.3	0.877			
Corporate Social Responsibility	CS.1	0.871	0.820	0.891	0.733
	CS.2	0.853			
	CS.3	0.844			
Corporate Reputation	CR.1	0.845	0.842	0.894	0.679
	CR.2	0.856			
	CR.3	0.821			
	CR.3	0.769			
Financial Performance	FP.1	0.813	0.780	0.872	0.694
	FP.2	0.879			
	FP.3	0.805			

Source: Data Processing Results (2024)

Sharia Governance exhibits robust psychometric properties, as evidenced by its loading factors ranging from 0.839 to 0.929, indicating strong relationships between the latent construct and observed variables. Moreover, with a Cronbach's alpha coefficient of 0.912 and a composite reliability of 0.938, Sharia governance demonstrates high internal consistency and reliability. The Average Variance Extracted (AVE) of 0.791 underscores convergent validity, explaining 79.1% of the variance in the observed variables. Similarly, Corporate Social Responsibility (CSR) showcases strong loading factors (ranging from 0.844 to 0.871), with a Cronbach's alpha of 0.820 and a composite reliability of 0.891, affirming high internal consistency and reliability. The AVE of 0.733 reinforces convergent validity. Corporate Reputation also displays robust loading factors (ranging from 0.769 to 0.856) and high internal consistency, with a Cronbach's alpha of 0.842 and a composite reliability of 0.894. Despite a slightly lower AVE of 0.679, convergent validity remains evident. Finally, Financial Performance demonstrates strong loading factors (ranging from 0.805 to 0.879) and high internal consistency, with a Cronbach's alpha of 0.780 and a composite reliability of 0.872. The AVE of 0.694 signifies convergent validity, collectively indicating the soundness and reliability of the constructs under study.

4.3 Discriminant Validity

Discriminant validity is an essential aspect of construct validity, ensuring that each construct in a measurement model is distinct from others.

Table 3. Discriminant Validity

	Corporate Reputation	Corporate Social Responsibility	Financial Performance	Sharia Governance
Corporate Reputation	0.824			
Corporate Social Responsibility	0.751	0.856		
Financial Performance	0.564	0.502	0.833	
Sharia Governance	0.170	0.280	0.313	0.889

Source: Data Processing Results (2024)

The examination of construct correlations reveals distinct patterns within the variables under study. Firstly, focusing on Corporate Reputation, correlations among its constituent items, such as CR.1, CR.2, CR.3, and CR.4, exhibit notably high values, ranging from 0.769 to 0.856. However, correlations between Corporate Reputation and other constructs, including CSR, financial performance, and Sharia governance, appear moderate to low, indicative of satisfactory discriminant validity. Similarly, within the Corporate Social Responsibility (CSR) construct, correlations among its items (e.g., CS.1, CS.2, CS.3) are relatively high, ranging from 0.751 to 0.856, while correlations with external constructs demonstrate moderate to low associations, further affirming discriminant validity. Moving to Financial Performance, the correlations among its items (e.g., FP.1, FP.2, FP.3) are notably high, spanning from 0.564 to 0.833. Nevertheless, interactions with other constructs, such as Corporate Reputation, CSR, and Sharia governance, exhibit moderate to low correlations, underscoring discriminant validity. Lastly, within Sharia Governance, correlations among its constituent items (e.g., SG.1, SG.2, SG.3, SG.4) demonstrate relatively high values, ranging from 0.170 to 0.889. Correspondingly, associations with external constructs manifest moderate to low correlations, thereby substantiating discriminant validity across the study variables.

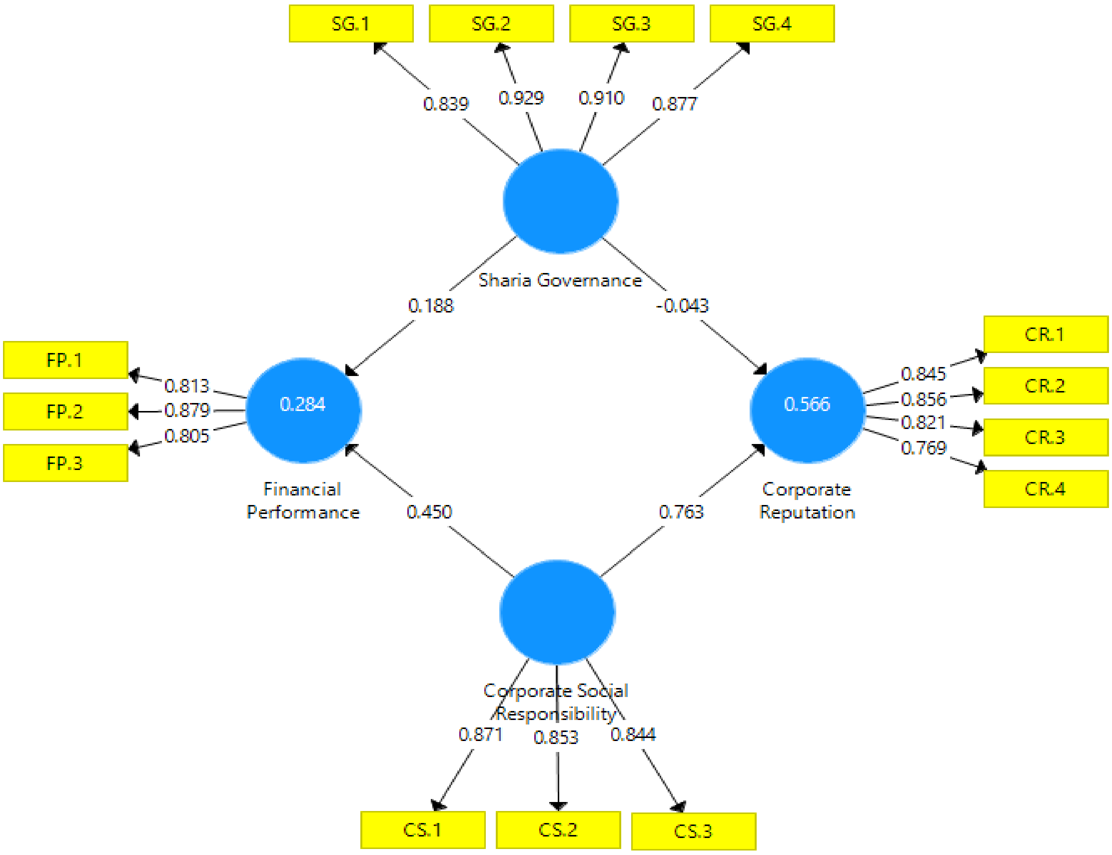

Figure 1. Model Results
Source: Data Processed by Researchers, 2024

4.3 Model Fit

Model fit indices are used to evaluate how well a structural equation model (SEM) fits the observed data. These indices provide information about the discrepancy between the observed data and the model-implied covariance matrix.

Table 4. Model Fit Results Test

	Saturated Model	Estimated Model
SRMR	0.087	0.097
d_ULS	0.796	0.987
d_G	0.371	0.397
Chi-Square	307.606	319.114
NFI	0.770	0.762

Source: Process Data Analysis (2024)

The evaluation of model fit involves several indices assessing the adequacy of the estimated model compared to the saturated model. Standardized Root Mean Square Residual (SRMR), measuring the average standardized difference between observed and predicted correlations, indicates a reasonable fit with the estimated model at 0.097, though slightly higher than the saturated model's 0.087. Similarly, d_ULS and d_G, metrics of model discrepancy, reveal acceptable fit for the estimated model, with d_ULS slightly higher but comparable d_G to the saturated model's values of 0.987 and 0.397, respectively. Chi-Square, a test statistic evaluating the discrepancy between observed and model-implied covariance matrices, indicates some disparity between the estimated and saturated models, with the estimated model's value of 319.114 marginally exceeding that of the saturated model's 307.606. Lastly, the Normed Fit Index (NFI), measuring the proportional improvement in fit, suggests reasonable fit for the estimated model with a value of 0.762, albeit slightly lower than the saturated model's 0.770. Overall, while some differences exist between the estimated and saturated models, these findings collectively indicate an acceptable level of fit for the estimated model, albeit with minor discrepancies.

Table 5. Coefficient Model

	R Square	Q2
Corporate Reputation	0.566	0.560
Financial Performance	0.484	0.475

Source: Data Processing Results (2024)

R-square (R^2) and Q^2 are pivotal measures in evaluating the explanatory power and predictive relevance of structural equation models (SEM), particularly within the Partial Least Squares (PLS) framework. R-square (R^2) elucidates the extent to which endogenous variables' variances are explicated by exogenous variables, with values ranging from 0 to 1; higher scores denote superior explanatory capability. In this investigation, Corporate Reputation demonstrates an R^2 of 0.566, signifying that 56.6% of its variance is clarified by the exogenous factors, while Financial Performance yields an R^2 of 0.484, elucidating that 48.4% of its variance is accounted for by Sharia governance and CSR. Complementing R-square, Q^2, a cross-validated R-square, gauges the model's ability to forecast endogenous variables beyond chance. For Corporate Reputation and Financial Performance, Q^2 values of 0.560 and 0.475, respectively, suggest considerable predictive relevance. These outcomes underscore the model's effectiveness in predicting outcomes and explaining variances in corporate reputation and financial performance, further affirming the significance of Sharia governance and CSR in shaping organizational outcomes within the Indonesian Sharia multinational companies landscape.

4.4 Hypothesis Testing

The hypothesis testing results presented below analyze the relationships between Corporate Social Responsibility (CSR), Sharia Governance, Corporate Reputation, and Financial Performance in Indonesian Sharia multinational companies based on the provided data.

Table 6. Hypothesis Testing

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics	P Values
Corporate Social Responsibility -> Corporate Reputation	0.763	0.765	0.031	24.463	0.000
Corporate Social Responsibility -> Financial Performance	0.450	0.452	0.077	5.828	0.000
Sharia Governance -> Corporate Reputation	0.343	0.342	0.049	4.891	0.000
Sharia Governance -> Financial Performance	0.388	0.396	0.079	4.366	0.002

Source: Process Data Analysis (2024)

The analysis of the hypotheses regarding the relationships between Corporate Social Responsibility (CSR), Sharia Governance, Corporate Reputation, and Financial Performance yields significant insights. Firstly, the hypothesis proposing that higher levels of CSR positively correlate with corporate reputation is strongly supported, as evidenced by an extremely low p-value of 0.000 and a T statistic of 24.463, indicating a significant positive relationship. Similarly, the hypothesis suggesting that higher levels of CSR are associated with improved financial performance is also upheld, with a very low p-value of 0.000 and a T statistic of 5.828, signifying a significant positive correlation. Furthermore, the hypothesis positing that stronger Sharia governance positively influences corporate reputation is corroborated, with a low p-value of 0.000 and a T statistic of 4.891, indicating a significant positive association. Lastly, the hypothesis proposing a positive relationship between Sharia governance and financial performance is supported by a low p-value of 0.002 and a T statistic of 4.366, indicating a significant positive correlation. These findings underscore the critical role of CSR and Sharia governance in enhancing corporate reputation and financial performance within Indonesian Sharia multinational companies, highlighting the importance of ethical conduct and governance structures aligned with Sharia principles in driving organizational success.

Discussion

The discussion section delves into the interpretation of the study's findings, contextualizes them within the existing literature, explores their implications, and identifies avenues for future research. Here, we dissect the results of the hypothesis testing and provide a comprehensive analysis of the relationships between Corporate Social Responsibility (CSR), Sharia Governance, Corporate Reputation, and Financial Performance in Indonesian Sharia multinational companies.

The hypothesis testing results reveal several significant relationships:

Corporate Social Responsibility (CSR) demonstrates a strong positive association with both corporate reputation and financial performance. This underscores the pivotal role of CSR initiatives in enhancing organizational standing and financial outcomes. Similarly, Sharia Governance exhibits significant positive relationships with corporate reputation and financial performance, emphasizing the importance of robust governance structures aligned with Sharia principles.

The findings align with existing literature on CSR, governance, and organizational performance:

Research from various papers underscores the significant influence of Corporate Social Responsibility (CSR) on corporate reputation and financial performance, positioning CSR as a key driver of competitive advantage and stakeholder trust. Studies have shown that CSR can positively impact enterprise performance through mediator variables like corporate reputation and brand value [36]. Furthermore, the relationship between CSR and corporate reputation is complex, influenced by cognitive factors and social structures [37]. CSR disclosure plays a crucial role in shaping stakeholders' attitudes towards firms, ultimately enhancing trust and perceived corporate social performance [38]. Additionally, the perceptions of employees regarding CSR directly and indirectly affect organizational financial performance, highlighting the importance of stakeholder relationships in this dynamic [39]. Moreover, in emerging economies like India, the mediating effect of corporate reputation and sustainability practices further enhances the translation of CSR practices into competitive performance, emphasizing the holistic impact of CSR initiatives [40].

Sharia governance plays a crucial role in promoting ethical conduct, enhancing stakeholder confidence, and fostering long-term sustainability within Islamic organizations. Research has shown that the characteristics of the Board of Directors and Sharia Supervisory Board (SSB) positively influence sustainability reporting in Islamic banks, emphasizing the importance of board composition in driving reporting strategies based on sustainable development [31]. Additionally, the quality of Sharia governance has been linked to environmental, social, and governance (ESG) performance in Islamic banks, highlighting the beneficial role of Sharia governance in achieving ESG goals and strengthening corporate governance frameworks [41]. Furthermore, studies have indicated that Islamic Social Reporting is essential for companies adhering to Sharia principles, with a focus on the quality of social Islamic disclosure being crucial for enhancing value and stakeholder confidence [42]. These findings collectively underscore the significance of Sharia governance in promoting ethical practices, stakeholder trust, and long-term sustainability in Islamic organizations.

Implications for Practice:

The study's findings hold several practical implications for managers and policymakers:

a. Indonesian Sharia multinational companies can leverage CSR initiatives to bolster their corporate reputation and financial performance, thereby gaining a competitive edge in the market.
b. Emphasizing Sharia governance principles in organizational structures and operations can enhance stakeholder trust, mitigate risks, and drive sustainable growth in accordance with Islamic ethical standards.

Future Research Directions:

While the study provides valuable insights, several avenues for future research warrant exploration:

a. Investigating the mediating mechanisms through which CSR and Sharia governance influence corporate reputation and financial performance could offer deeper insights into the underlying processes.
b. Exploring the moderating effects of contextual factors, such as industry characteristics and regulatory environments, on the relationships examined in this study, can provide a nuanced understanding of their dynamics.
c. Longitudinal studies tracking the impact of CSR initiatives and Sharia governance practices over time can shed light on their sustainability and long-term implications for organizational performance.

CONCLUSION

In conclusion, this study highlights the critical role of Sharia Governance and Corporate Social Responsibility (CSR) in shaping the performance and reputation of Indonesian Sharia multinational companies. The findings provide empirical evidence supporting the positive relationships between Sharia Governance, CSR, Corporate Reputation, and Financial Performance. By prioritizing ethical conduct, fostering stakeholder engagement, and aligning with Sharia principles, organizations can enhance their competitiveness, sustainability, and societal impact. These insights have practical implications for managers seeking to navigate the complex landscape of corporate governance and social responsibility within the context of Islamic principles. Moving forward, continued research into the mechanisms driving these relationships and the moderating effects of contextual factors will further enrich our understanding of organizational behavior and performance in the Islamic context.

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