

FACTORS INFLUENCING THE ISLAMIC FINANCIAL PERFORMANCE ON SHARIA BANKING IN INDONESIA BY CIRCULAR CAUSATION MODEL

Azwirman (Corresponding author)

Universitas Islam Riau

Email: azwirman2001@yahoo.com

Yuswar Z Basri

Trisakti University, Jakarta, Indonesia

Email: warek1trisakti@gmail.com

Zulhelmy

Universitas Islam Riau

Email: zulhelmy@eco.uir.ac.id

Tatik Mariyanti

Trisakti University, Jakarta, Indonesia

tatik.m2002@gmail.com

**Date submitted: 08 March 2019; Date Revised: 08 May 2019; Date Accepted: 29 September 2019;
Date published: 31 December 2019**

ABSTRACT

The objective of this study is to investigate some factors that influence the Islamic financial performance of Islamic bank Indonesia. The population in this research uses all Sharia Commercial Banks published by Bank Indonesia in 2011-2016. The purposive sampling technique used as the sampling method. A total of 48 annual reports have been analyzed using circular causation models. The finding of this research shows that the Good Corporate Governance influence the Profit Sharing Ratio, Zakat Performance Ratio, while the Profit Sharing Ratio, Zakat Performance Ratio affected the Good Corporate Governance. The variable of Corporate Social Responsibility affected the Profit Sharing Ratio and Equitable Distribution Ratio, whereas Profit Sharing Ratio and Equitable Distribution Ratio affected the Corporate Social Responsibility. The variable of GCG has influenced on CSR and vice versa. This research finding provides managerial implications for Sharia banking. The Islamic financial performance can be used in testing the ratios which are a reflection of business performance, as well as OJK (Financial Services Authority) the Sharia Performance Index can be used in making the policy for measuring the Financial Performance.

Keywords: Corporate Social Responsibility, Circular Causation, Islamic Financial Performance, Good Corporate Governance.

INTRODUCTION

Islamic banking in Indonesia is currently experiencing a rapid increase in both quantity as well as quality. Since Islamic banks operate based on Sharia principles, their characteristics and financial performance evaluations should differ from conventional banks.

The financial performance of Sharia commercial banks is an assessment of certain standards that can be used as a measurement of success for a predetermined goal. In measuring the financial performance of Sharia commercial banks that are different from secular banks, therefore need tools in measuring performance in accordance with the nature of Islamic banks. Hameed (2004) has developed an index which is called the Islamicity index to measure

financial performance of Islamic banks. This index can be used to measure the financial ratios which reflect the financial performance of Islamic banks.

Hameed (2004) has developed two indices to measure the disclosure and performance of the Islamic bank, the Syariahicity Disclosure Index and the Syariahicity performance Index.

The Sharia Disclosure Index consists of three indicators, namely Sharia compliance instructions, company administration instructions, and social/environmental indicators. This index is expected to be a reference for Islamic financial institutions carrying out one of the concepts of Good Corporate Governance which is Corporate Social Responsibility based on Sharia values. While Sharia performance index is related to the performance of Islamic banks which is based on information in the annual report, namely Profit Sharing Ratio (PSR), Zakat Performance Ratio (ZPR), Equitable Distribution Ratio (EDR), Director -Employees Welfare Ratio, Islamic Investment vs. Islamic Investment, Islamic Income vs. Non Islamic Income.

The concept of corporate governance is based on the Agency theory which acknowledge that there are two interacting parties namely administrator as an agent and the owner as principal. In most cases, the administrator (agent) knows more about the actual situation of the company than the owner (principal) which might lead to conflict of interest. A conflict of interest between the owner and agent occurs because of the possibility that the agent does not always act in accordance with the interests of the principal, thus triggering the agency costs. Therefore, the presence of good corporate governance will resolve the problems between the owner and the manager. (Sayidah, 2007).

The debut of Good Corporate Governance in Islamic banks in Indonesia began with the issuance of a Bank Indonesia Regulation (PBI), namely, PBI No. 8/4/PBI/2006 concerning the implementation of GCG for Commercial Banks, which emphasized the need to implement GCG in banks. This PBI also applies to Islamic banks, which means that Sharia banking is obliged to apply GCG principles in the operation of its activities. However, since 2010, PBI No. 8/4 / PBI / 2006 no longer applies to Islamic banks. Instead, PBI No. 11/33 / PBI / 2009 concerning the implementation of GCG for Sharia Commercial Banks and Sharia Business Units was enacted due to the fact. GCG applicabled to Islamic banking must be in accordance with Sharia principles. The implementation of GCG that complies with Sharia principles intended in this PBI is reflected in the implementation of the duties and responsibilities of the Sharia supervisory board in managing Sharia banking activities (Prasetyo and Indradie, 2009).

In an effort to improve the quality of GCG implementation, Islamic banks are required to periodically conduct a comprehensive self-assessment of the adequacy of GCG implementation. In case of insufficient implementation the bank can immediately determine the necessary corrective effort to improve with reference to PBI No. 11/33 / PBI / 2009 concerning the implementation of GCG. The mechanism of GCG used in this study is different from previous studies, because the researchers measured GCG through the composite self-assessment obtained by Islamic banks.

According to Choundary (2000), Islamic banks which aspire to fulfil their ideal conception should be more than just a business institution that is permitted to optimize profits but must also play the role in encouraging the creation of an economic system which promote fair business activities, applying rules, morals and values that lead to the good and benefit to the people. Murwaningsari (2009) stated that social responsibility (referred as CSR) is closely related to Good Corporate Governance. Like two sides of a coin, both have a strong position in the business world but are related to each other. There are several basic principles of good corporate governance; namely fairness, transparency, accountability and responsibility.

CSR in a Sharia Commercial Bank is one of the components used in the evaluation of social performance of Sharia Banks as measured by Community Contributions (KKM) (Setiawan, 2009). CSR in Sharia banking must be believed and understood as an integral part in fulfilling consistency with Sharia operational principles of Sharia banking, so that CSR programs do not merely comply the obligations mandated by the law, but more importantly, reflect accountability to God, society and universe (Al Farisi, 2015).

Recently CSR disclosure standards specifically for Islamic banking which are taken from the values of Islam is being developed. These standards are adapted to the provision set by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) which were later developed by Haniffa (2002) and Othman, et. al (2010). This standard is often referred to Islamic Social Reporting (ISR), thus ISR is the benchmark for the execution of the social responsibility of a Sharia bank containing a compilation of CSR items set by AAOIFI.

The development of the ISR index reporting in Indonesia is still relatively slow since ISR disclosure for Islamic bank in Indonesia is still voluntary. In addition, there are no specific regulations governing disclosure items in the ISR index, in contrast to developments in Islamic countries such as Malaysia, Sudan, Bahrain, United Arab Emirates, Kuwait and Qatar, where the ISR index has become part of the reporting of Islamic organizations in the country.

Sharia social reports is obligations and moral laws. Shari social reports is a strategic tool to establish the reputation and public image of Islamic banks for long term survival (Dusuki, A,W,& Dar H, 2005). However, in reality there are many Islamic and conventional banks which simply prioritize on the achievement of maximum profit. They should include a component of social responsibility in their operations to serve the community as a whole (Ahmad K, 2000). One of the weakness of social reporting is presence of cost related to social reports which will reduce the company's profits.

However, there are still many Islamic banks that prioritize maximizing profits similar to conventional banks, despite the fact that they should include social responsibility component in their operational activities as the ultimate goal in serving the society at large. This idea is inline with Ahmad(2000). The implementation of CSR tends to be responsive, short-term oriented, and less involvement with the community.

In view of the obligation of implementing the Sharia GCG, CSR is not just about fulfilling its obligations to the law and morals, but also be used as a strategic tool to establish the reputation and public image of the Islamic bank for long term survival(Dusuki, A, W, 2005).

This study aimed to investigate the relationship of GCG, CSR and Islamic Financial Performance of Islamic banking in Indonesia using the Circular Causation Model. Hence, the problem stated in this research is to examine the reciprocal influence of GCG, CSR and Islamic financial Performance in Islamic bank in Indonesia using the Circular Causation model.

LITERATURE REVIEW

FINANCIAL PERFORMANCE

Hameed (2005) explains that Shariah banks should not only cater to the needs of various sides, but more importantly to ensure that their activities are in accordance with Shariah provisions. Thus, it is proper for Syariah banks to issue the annual reports to assist stakeholders in assessing their activities. In his study, Hameed (2005) has developed two indices to measure the disclosure and performance of the Shariah bank, the Syariahicity Disclosure Index and the Syariahicity performance Index.

The Sharia Disclosure Index consists of three indicators, namely Sharia compliance instructions, company administration instructions, and social / environmental indicators. This index is expected to be a reference for Islamic financial institutions. Islamic banks can use concepts of Good Corporate Governance and Corporate Social Responsibility. This concepts are based on Sharia values. While Sharia performance index is related to the performance of Islamic banks. .The measurement of achievements is based on the information in the annual report; Profit Sharing Ratio (PSR), Zakat Performance Ratio (ZPR), Equitable Distribution Ratio (EDR).

MUAMALAH THEORY AND TAWHIDY STRING RELATIONS (TSR)

Muamalah is a relationship that regulates human and human interactions. Muamalah and business develop along with technological developments to fill needs of mankind. The development of business model and muamalah must be properly and carefully addressed. In business transaction is not only related to the aspects of benefits and harm, but also syara 'law related to the business model or aqad. The reason is that the Muslims have a distinctive and different outlook on life from other people. (Abdurrahman and Abdurrahman, 2014).

Muamalah theory has developed rapidly from behavior to civilization, especially after the development of the method of Interaction, Integratiom and Evolution (IIE). IIE in the theory of Tawhid String Relations (TSR) through the approach of philosophical thought as a unity of knowledge that philosophically restores science to one whole unit and not dichotomic. Unity of knowlegde epistemologically refers to the unity of divine law where the source of knowledge is from God the Creator (Chowdhury, M.A., 2000).

GOOD CORPORATE GOVERNANCE (GCG)

The National Committee on Governance Policy (KNKG, 2006)) defines the concept of corporate governance as a series of mechanisms to direct and control a company so that the company's operations run in accordance with the expectations of stakeholders.

According to the General Guidelines for Good Corporate Governance in Indonesia. The principles of good corporate governance are stated as follows:

1. Transparency
2. Accountability
3. Responsibility
4. Independency
5. Fairness and equality

CORPORATE GOVERNANCE AND ISLAMIC ACCOUNTING

Islam has a complete and more comprehensive concept that emphasizes the *karmah* and *taqwa* of Allah SWT which the strength not to be mired in illegal and dishonest practices in the trust receive (Fatah, 2013). Good Corporate Governance terminology is in relation to the hadith of Rasullah SAW narrated by Aisyah r.a "Indeed Allah loves when someone does a good work".

Murqorobin (2011: 4) states that good corporate governance in Islam must refer to the following principles:

1. *Tawhid*
2. *Taqwa* and *Rida*
3. Equilibrium (balance and justice)
4. Benefit

CORPORATE SOCIAL RESPONSIBILITY (CSR)

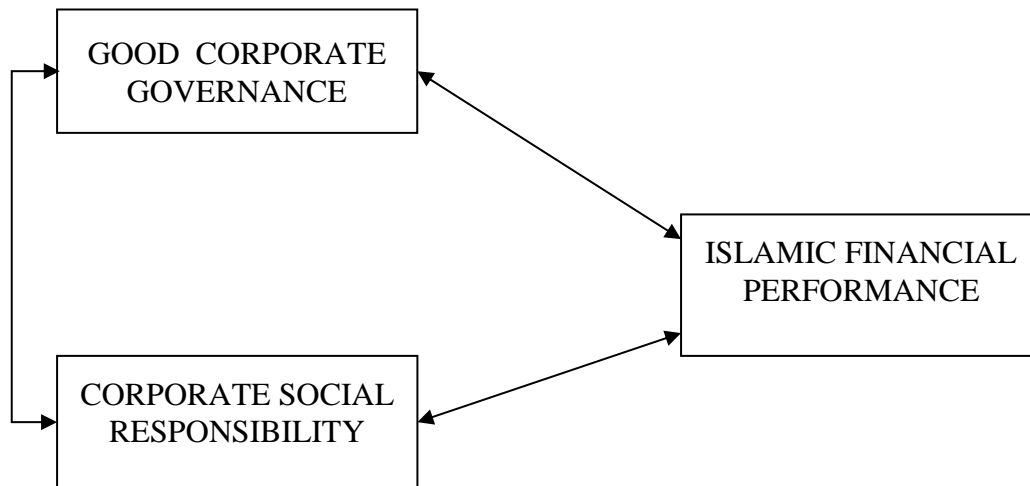
A broad definition by the World Business Council for Sustainable Development (Idowu So,2013), a global association of around 200 companies specifically engaged in "sustainable development" states that CSR is a continuing commitment by the business world to act ethically and contribute to the economic development of the local community or the wider community, along with the improvement in the standard of living of the workers and their entire families".

THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY IN THE ISLAMIC ACCOUNTING PERSPECTIVE.

In the perspective of Islamic accounting, corporate social responsibility reporting is in accordance with Islamic principles. In the Al-Qur'an, Al-Baqaroh verse 282 Allah SWT instructs humans to be fair and truthful in carrying out all trade transactions or business activities. This command emphasizes the importance of accountability so that all contracting parties involved in commerce are not impaired, do not lead to conflict, thus realizing justice. To achieve this goal, a witness is needed in a transaction. It can be understood that humans created by God on earth have multiple roles and functions; as caliph and as a representative and servant. In carrying out these functions and roles, God will hold the accountability for the implementation of the function. In the accountability of human life both as caliphs and as servants of Allah undoubtedly cannot be separated from the process of accountability. In other words, humans will always be held responsible for all their deeds in the presence of Allah SWT, the Giver of trust, (Harahap, 1997).

MODEL OF RESEARCH AND HYPOTHESIS

Based on the analysis of the literature review that examined the influence of Good Corporate Governance, Corporate Social Responsibility to Islamic Financial Performance). The research model and hypothesis are made as follows:



DEVELOPMENT OF HYPOTHESES

1. The effect of Good Corporate Governance on Financial Performance.
Previous research by Klapper and Love (2004); Kaihatu (2006); Acmad (2009); Nuswandari (2009); Pranata (2007) Found that the influence of good corporate governance can improve the company's performance as measured by: ROE, ROA and NPM, thus the hypotheses formulated as follows:
H1: GCG has a significant effect on Islamic financial performance
2. The effect of Islamic Financial Performance on Good Corporate Governance.
This study used a model where the observed variables are influencing each other Choudhury (1995), Leading to the (IIE) interaction, integration and evolution of the variables examined by Choudhury (1989) where IIE is a process obtained from specific combinations of science of the models presented by uniting realistic conditions, thus the hypothesis can be formulated as follows:
H2: Islamic Financial Performance has a significant effect on GCG
3. Effect of Corporate Social Responsibility on Financial Performance.
Previous research by Balabanis, Phillips and Lyall (1998) and Dahlia, Lely and Siregar (2008) found that CSR disclosure had a positive and significant effect on financial performance, showed a level of

accountability, minimized risk, protected the company's image and served as analytical tool for investors and creditors. The relationship between CSR and profitability also become examined, Davey (1982), Belkaoui and Karpik (1989), Cowen et al. (1987) found that there is relationship between this variable and the research of Bowman and Haire (1976), Preston (1976), so that the hypothesis can be formulated as follows:

H3: CSR has a significant effect on Islamic financial performance

4. The effect of Islamic Financial Performance on Corporate Social Responsibility.

Every company will try to improve its financial performance, because high financial performance will create high trust in expressing its social responsibility leading to a positive response by the investors through increasing stock prices, and vice versa. (I Made Dwi Sastrawan, 2016). Ehsan and Kaleem's research (2012) found that financial performance has an effect on CSR disclosure. so the hypothesis can be formulated as follows:

H4: Islamic financial performance has a significant effect on CSR

5. The effect of Good Corporate Governance on Corporate Social Responsibility.

Research by Ratnasari and Pratiwi (2010), Galuh (2011), Distha (2011) found that GCG practices has influence on CSR disclosure, thus the hypothesis can be formulated as follows:

H5: GCG has a significant effect on CSR

6. The Influence of Corporate Social Responsibility on Good Corporate Governance

This research use a model where the observed variables that are related to each other. Choudhury model (2005), the IIE will come up, they are; the existence of interaction, integration and evolution. This study uses simultaneous equations defined as a model that has a causal relationship between the dependent variable and its independent variables, so that a variable can be expressed as a dependent variable and independent in another equation. Thus the hypothesis can be formulated as follows:

H6: CSR has a significant effect on GCG

RESEARCH METHODOLOGY

This research used a quantitative paradigm with explanatory research design. This research use method of quantitative. According to Kerlinger, in Creswell (2003) quantitative method is in the form of a series of variables, definitions or propositions that are interconnected and produce a systematic view of a phenomenon by determining relationships between variables with the aim of explaining natural phenomena.

POPULATION

The population in this study are all Islamic Commercial Banks that registered in the Indonesian Banking Directory. The research sample was taken using the purposive sampling method, which is ype of sample selection that is not randomly assign because of a specific purpose or target (Indriantoro and Supomo, 2009).

The research sample is selected from Sharia Commercial Banks that have been registered in the Indonesian Banking Directory and have published reports on Good Corporate Governance and annual reports during 2011-2016.

Table 1: Sample Determination

	Description	Unit
6	Sharia Bank registered at Bank Indonesia in 2016	12
	Bank Syariah that have Annual Reports & GCG Reports	8
	Sharia Banks that have not Annual Reports & GCG Reports	4
	Number of years of research	6

Source: Data processed from the annual report, 2017

After selecting a sample of the population consisting of 12 BUS, there are 8 BUSs that fulfilled the criteria, while 4 BUS do not. Therefore only 8 Islamic banks can be used as the samples. The unit of analysis in this study are 48 units; 8 banks with a span of 6 years namely 2011 to 2016. The research samples are as follows:

Tabel 2: List of Sample

No	Name of Bank
1	Bank Syariah Mandiri
2	Panin Bank Syariah
3	Bank BNI Syariah
4	BRI Syariah Bank
5	Bank Syariah Bukopin
6	Bank Syariah Mega Indonesia
7	Bank Muamalat Indonesia
8	BCA Syariah

DATA ANALYSIS TECHNIQUE

The simultaneous equation method is used to analyze the data. Simultaneous equations are a set of equations where the dependent variable in one or more equations is also an independent variable in several other equations (Sumodiningrat, 2007). According to Gujarati (2003) the method of interpretation in simultaneous equations includes Indirect Least Square (ILS) and Two Stage Least Squares (2SLS). This study used the two-stage least squares (2SLS), is a single equation method with the correlation between independent variables. That's why it can be theoretically that the 2SLS Method is the development of the ILS method.

HYPOTHESIS TESTING

The technique of data analysis used in this study is the simultaneous equation method. Simultaneous equations are a set of equations where the dependent variable in one or more equations is also an independent variable in several other equations. This is in accordance with the Circular Causation model, which explains dynamically where each variable influences other variables in the study or is called IIE process (Choudury and Mostaque Hasan, 2005).

To prove that the hypothesis is true or not, it has to be tested through the F test statistic and the statistical t test or the significance produced from the test. Thus, the result must be determined by the significance level between 90% to 95%, or the error level between 5% to 10%, and paying attention to the number of observations (n).

RESULTS AND DISCUSSION

Table 3: Research Result Recapitulation

Hypothesis	Independence Variable	Performance Variable	Ho	Ha	Information		Coefficient
					Sig.	+/-	
H1	Good Corporate Governance	Profit Sharing Ratio		√	Yes	-	-2.013487
	Good Corporate Governance	Equitable Distribution Ratio	√		No	-	-0.063834
	Good Corporate Governance	Zakat Performance Ratio		√	Yes	+	0,00064
H2	Profit Sharing Ratio	Good Corporate Governance		√	Yes	-	-0.035513
	Equitable Distribution Ratio	Good Corporate Governance	√		No	-	-0.067716
	Zakat Performance Ratio	Good Corporate Governance		√	Yes	+	348.7767
H3	Corporate Social Responsibility	Profit Sharing Ratio		√	Yes	-	-0.010611
	Corporate Social Responsibility	Equitable Distribution Ratio		√	Yes	-	-0.061399
	Corporate Social Responsibility	Zakat Performance Ratio	√		No	+	16.28900
H4	Profit Sharing Ratio	Corporate Social Responsibility		√	Yes	-	-11.14907
	Equitable Distribution Ratio	Corporate Social Responsibility		√	Yes	-	-1.01649
	Zakat Performance Ratio	Corporate Social Responsibility	√		No	+	5.87E-05
H5	Good Corporate Governance	Corporate Social Responsibility	√		No	-	-0.012114
H6	Corporate Social Responsibility	Good Corporate Governance	√		No	-	-0.012114

Based on the Table 3 above, it can be concluded that H1 the variable good corporate governance on indicators of Islamic financial performance variables namely profit sharing ratio and zakat performance ratio has an effect with the highest value of each coefficient of -2.013487 and 0.000669 with significance <0.05 - 0.10, while equitable distribution ratio has not an effect with the highest coefficient of -0.063834 with significance > 0.05 - 0.10. The results of the study illustrate the implementation of GCG will provide good performance that PSR due to the financing provided or distributed does not run the risk of financing. Thus, it can provide advantages or profitability. Increasing profitability will improve in terms of paying zakat.

Based on the Table 3 above for H2 it can be concluded that the indicators of Islamic financial performance variables namely profit sharing ratio and zakat performance ratio affect the good corporate governance with the highest coefficient values of -0.035513 and 348.7767 with significance $<0.05 - 0, 10$, while the equitable distribution ratio variable does not have a significant effect on good corporate governance with the highest coefficient of -0.067716 with significance $> 0.05 - 0.10$.

As a result, for H3 that the variable of corporate social responsibility to the indicators of Islamic financial performance variables namely the profit sharing ratio, and the equitable distribution ratio has a significant effect with the respective highest coefficient values of -0.010611, -0.061399 with significance $<0.05 - 0.10$, while the variable corporate social responsibility does not affect the zakat performance ratio with the highest coefficient of 16.2890 with significance $> 0.05 - 0.10$.

The implementation of CSR is a form of company concern for its external environment for the company's operations. CSR is expected to create a sustainable and going concern company. This disclosure of CSR will be able to make more value and improve the company's image. A good corporate image will further improve performance through the distribution of funding to the community where the Islamic banks implements CSR. However, there is still a presumption that the implementation of CSR is a cost center that it will reduce the company's profits. ZPR have not a relationship with the implementation of CSR because zakah is an obligation for Muslims.

Based on table 3, can be concluded for H4 that the indicators of Islamic financial performance variables namely profit sharing ratio and equitable distribution ratio have a significant effect on corporate social responsibility with the highest value of each coefficient of -11.14907 and -1.021649 with significance $<0,05 - 0.10$. While the variable of zakat performance ratio does not affect corporate social responsibility with the highest coefficient value of 0.0000587 with significance $> 0.05 - 0.10$. This result indicate that lower PSR and EDR, will induce user of financial report read "good news" company performance. For example in the social sphere, when investors read CSR disclosure reports they are expected to continue investing in the company.

Based on table 3,, it can be concluded that H5 that the variables of good corporate governance on corporate social responsibility variables have no significant effect with the highest coefficient of -0.164556 with significance $> 0.05 - 0.10$. The results indicate that the implementation of GCG in Sharia banks are regulated by PBI no 11/33 / PBI / 2009. Thus, Sharia banks must implement GCG periodically. Sharia bank must conduct comprehensive assessment of the adequacy of GCG implementation. Otherwise, disclosure of items CSR is still voluntary information, so there is no relation between GCG and CSR. Based on table 3, it can be concluded that for H6, the variables of corporate social responsibility on the variables of good corporate governance have no significant effect with the highest coefficient of -0.012114 with significance $> 0.05 - 0.10$.

CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS

CONCLUSION

The findings of this research indicate that, GCG has a significant effect on the performance of Islamic banks based on PSR and ZPR assessment, whereas GCG does not affect the Islamic financial performance as indicate by EDR assessment indicators. The results of this study concur with the findings. Klapper and Love (2002), Pranata (2007), Nuswandari (2009) which states that GCG affects the financial performance.

It can be clearly seen that CSR influences the performance of Islamic banks based on PSR and EDR assessment indicators whereas CSR does not affect Islamic financial performance according to the ZPR assessment indicator. The results of this study are in accordance with the finding of Balabanis, Phillips and Lyall (1998), Dahlia, Lely and

Siregar (2008), which state that CSR influences financial performance. The company's financial performance is usually seen through the company's financial statements and these reports will be used by stakeholders to assess the company's performance. Companies with good financial performance is more willing to reveal its social responsibility activities. Investors prefer companies that disclose information more than companies that do not disclose their social responsibilities.

The findings of this study indicate that GCG has no effect on CSR and vice versa. The implementation of GCG in Sharia commercial banks is regulated by PBI no 11/33 / PBI / 2009, so that Islamic banking must implement GCG and Sharia banking periodically conducts a comprehensive self-assessment of the adequacy of GCG.

IMPLICATIONS

The theoretical implications of this study revealed that previous research as we know not done a study by using the Circular Causation approach yet, TSR (Tawhidi String Relations). This research not only answer the research questions of the study, but also prove the new finding. In the Islamic perspective, referring to the Al-Quran and Hadith, this study is also supported by various theoretical foundations proposed by Hameed et. al, (2005), PBI No.11 / 33 / PBI / 2009 on the implementation of GCG for Syariah Public Banks and Sharia business units, Islamic Social Responsibility framework set by AAOIFI and Haniffah (2002), thman L (2009). Based on the finding of this study, suggestions can be made to stakeholders in the field of Islamic bank in form of managerial implications as follows:

1. For Sharia banking, Islamic financial performance can be used to measure value of company which is a reflection of the Business Performance of Sharia banking where they must ensure that their activities are in accordance with Sharia provisions. Based this result, the factors that influence or influenced by the Islamic finance Performance can be used as consideration in conducting Sharia bank.
2. For OJK, the findings of this study can be used as input in making policies in measuring financial performance using the Sharia performance index where Islamic banks should not only serve the purposes of various parties, but more importantly must ensure that their activity is in compliance with the provisions of Sharia

RECOMMENDATION

1. The future researcher should be able to improve the results of this research by adding more variables and using different testing such as ROA, and ROE.
2. The future researcher should use broader secondary data and expand the object of research by adding Sharia business units and BPRS units
3. This research is still limited to examining the factors that influence the performance of Islamic banks using the Circular Causation TSRwith simultaneous models. It suggested for the next researcher try to use other methods, with the scope of primary data as well as adding more variables not included in this model.

REFERENCES

- AAOIFI (2010), "Accounting, Auditing, and Governance Standars for Islamic Financial Institutions".
Abdurrahman, Hafidz and Abdurrahman, Yahya (2014), *Bisnis dan Muamalah Kontemporee*, Al Azhar press zone, Bogor.
- Ahmad, K. (2000), *Islamic Finance and banking: the challenge and prospects*, *Review of Islamic Economics*, 9 , 57-82
- Ahmad Roziq, (2015), *Pengaruh Corporate Governance terhadap Corporate Social esponsibility melalui Risiko Bisnis dan Kinerja keuangan pada bank Umum syariah di Indonesia*, *jurnal Akuntansi Universitas Jember*.

- Ahmed, M., B. (2009). Measuring the Performance of Islamic Banks by Adapting Conventional Ratios German University in Cairo Faculty of Management Technology Working Paper No. 16 pp 1-26.
- Al Farisi, Jundhi Robbani, (2015), Pengaruh Mekanisme Good Corporate Governace, Invesment Account Holder dan Ukuran perusahaan terhadap pengungkapan Islamic Social Reporting pada Bank Umum Syariah di Indonesia.
- Al Tarmimi.H.A.H Miniaoui. H. Elkelish.W.W (2015). Finacial Risk and Islamic Banks” Performance in The Gulf Cooperation Council Countries”, The International Journal Of Business and Finance , Vol 9 No.pp 103 -112.
- Ali Syukron. 2015. CSR dalam Perspektif Islam dan Perbankan Syariah. Jurnal Ekonomi dan Hukum Islam. Vol 5, No. 1.
- Anas, E., & Mounira, B. A. (2009). Ethical Investment and the Social Responsibilities of the Islamic Banks . CCSE Journal, pp: 3.
- Anns, R. Islamic Banking - a Growing Phenomenon . Retrieved October 11, (2004), from webmaster@monash.edu.au-accessibility information
- Balabanis, G., Phillips, H.C., Lyall, J., 1998. Corporate Social Responsibility and Economic Performance in the Top British Companies: Are They Linked?. *European Business Review*, 98(1), p. 25-44.
- Belkaoui, A. dan P. G. Karpik. (1989). "Determinants of the Corporate Decision to Disclose Social Information". *Accounting, Auditing and Accountability Journal*.Vol. 2.No 1. pp. 36-51
- Bowman, E. H., dan Haire, M. (1976). Social Impact Disclosure and Corporate Annual Report. *Accounting, Organizations and Society* Vol 1 Issue 1, 11- 21.
- Branco, M. C dan L. I, Rodrigues, (2006). "Communication of CSR by Portuguese Banks." *International Journal of Corporate Communication*, Vol. 11, No. 3, Hal. 232-248
- Carroll, A.B. (1991). " The Pyramid of Corporate Social Responsibility : Toward the Moral Management of Organizational Stakeholders". *Business Horizon*. Edisi Juli - Agustus 1991, pp 39-48
- Chapra, M. Umer & Ahmad, Habib (2008), Corporate Governance in Islamic Financial Institutions (IRTI Publication Management System, Jeddah, Saudi Arabia, tersedia pada <http://www.irtipms.org/PubDetE.asp?pub=93>).
- Chariri, Anis, (2006). "The Dynamic of Financial Reputing Prance An Indonesia Insurance Company: A Reflection of Javanese Views on An Ethical Social Relationship.- Unpublished Thesis, PhD in Accounting University of Wollongong, Australia
- Chowdhury, M. A. (2000), *The Islamic Worldview Socio-Scientific Perspectives*, London:Kegan Paul International.
- Chowdhury, M. A. (1992) *The Principles of Islamic Political Economy, A Methodological Enquiry*, NewYork: St Martin Press.
- Chowdhury, M.A and Md. Mostaque Hussain (2005), “ A Paradigm of Islamic Money and Banking “ *International journal of social Economics* Vol 32, No.3 P203-217, Emerald Group Publishing Limited
- Cowen, S.S., Ferreri, L.B., Parker, L.D. (1987), The impact of corporate characteristics on social responsibility disclosure: A typology and frequency based analysis. *Accounting, Organizations and Society*, 12(2), 111-122.
- Creswell, J. W, (2003), *Research Design Qualitative, Quantitative and Mixed Methods Approaches* 2nd Edition, Sage Publication Thousand Oaks, California
- Dahlia, Lely dan Sylvia Veronica Siregar, (2008), Pengaruh Corporate Sosial Responsibility terhadap Kinerja perusahaan (study empiris pada perusahaan yang terdaftar di Bursa Efek Indonesia pada tahun 2005-2006), symposium Nasional Akuntansi XI Pontianak.
- Davey, H.B. 1982. “Corporate Social Responsibility Disclosure in New Zealand: An Empirical Investigation”, Unpublished Working Paper, Massey University, Palmerston North.
- Dusuki, A.W., & Dar, H. (2005). Stakeholders Perception of Corporate Social Responsibility of Islamic Banks: Evidence from Malaysian Economy. *International Conference on Islamic Economics and Finance*.
- Ehsan, S and Kaleem, D.A (2012) Empirical Investigation of The relationship between Corporate Social Responsibility and Financial Performance (Evidence from manufacturing sector of Pakistan) , *Journal of Basic and Applied Scientific Research*.

- Farook, S. Z., & Lanis, R. (2005). "Banking on Islam? Determinants of CSR Disclosure". International Conference on Islamic Economics and Finance.
- Farook, Sayd & Lanis, Roman (2005), "Banking on Islam? Determinants of Corporate Social Responsibility Disclosure" working Paper of University of Technology, Sydney, P. O. Box 123, Broadway, NSW 2007, Australia,"
- Fatah, Lalu Abdul (2013). Faktor-Faktor yang Mempengaruhi Pengungkapan Informasi Tanggung Jawab Sosial Perusahaan (CSR-D) pada Laporan Tahunan industri Perbankan Syariah dalam Perspektif Akuntansi Islam. Disertasi pada Program Doktor Islamic Economic and Finance. Universitas Trisakti.
- Fitria, Soraya & Hartanti, Dwi (2010), "Islam dan Tanggungjawab Social: Studi Perbandingan Pengungkapan Berdasarkan Global Reporting Initiative Indeks dan Islamic Social Reporting Indeks", Simposium Nasional Akuntansi XIII Purwokerto 2010, Universitas Jenderal Soedirman Purwokerto.
- Galuh, Devinta Wardhani, dan Toto Sugiharto (2011). Pengaruh Kinerja Keuangan, Ukuran Perusahaan dan Kinerja Lingkungan Terhadap Intensitas Pengungkapan Pelaksanaan Tanggung Jawab Sosial Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia. Proceeding PESAT. Bandung.
- Gujarati Damodar (2003), Ekonometrima Dasar, Terjemahan : Sumarno, Jakarta, Erlangga.
- Gray, R., R. Kouhy, dan S. Lavers. (1995). "Corporate Social and Environmental Reporting. A Review of the Literature and a Longitudinal Study of UK DiscloSure". Accounting Auditing and Accountability Journal. Vol. 8.No. 2. pp. 47-77
- Hackston, D and M. J. Milne. (1996). "Some Determinants of Social and Enviromental Disclosure in New Zealand Companies". Accounting, Auditing and Accountability Journal. Vol. 9, No. 1, p. 77-108
- Hameed, S & Wirman, A (2004), Alternative Disclosure & Performance Measure for Islamic Banks, Working Paper, International Islamic University Malaysia.
- Haniffa, R. (2002). Social Reporting Disclosure – An Islamic Perspective. Indonesian Management & Accounting Research 1 (2),pp.128-146.
- Haniffa, R & Hudaib, M. (2007), Exploring the Ethical Identity of Islamic Bank via Communication in Annual Report , Journal Of Business Ethics, Springer..
- Harahap, S. S & Basri, Yzwar Z. (2004), "Socio-Economic Disclosure in Annual Reports of Indonesian Banks, A Comparison of a Covensional Banks & an Islamic Banks", Paper presented in HUM Accounting Conference II 2004, Malaysia.
- Harahap, S. S. (2001a), Disclosure of Islamic values through Annual Report, it case Study at the Bank Muamalat Indonesia, presented in International Conference "Islam and Information System", IIU Kuala Lumpur.
- Harahap, S.S. & Chowdhury, M.A. (2010), "Social Accounting in Islamic Political Economy", Journal of Accounting Theory, School of Business, Cape Breton University, Nova Scotia, Canada
- Harahap, S.S. & Gunawan Juniati (2005), "An Examination of Corporate Social - Enveronmental Disclosure in Annual Reports of Indonesian, Malaysia and Australian Islamic Banking", International management & Accounting Research Vol 4, No. I January 2005, Pp. 73-99.
- Hatta, Zulhelmy Bin Mohd. (2011). "Keberkesanan Tadbid Urus Korporat Ke Atas Kualiti Pelaporan Kewangan Pada Perbankan Islam: Studi Kasus Di Indonesia", International Conference On Management Proceeding.
- Hatta, Zulhelmy Bin Mohd. {2012). Isu-Isu Kontemporer Ekonomi dan Keuangan Islam, Alzhar Press Bogor.
- Kania Amanda Distha (2011), Pengaruh Praktek Good Corporate Governance terhadap penungkapan Corporate Social responsibility pada perbankan yang terdaftar di Bursa Efek Indonesia tahun 2007-2009, Universitas Negeri Semarang
- Ikatan Akuntan Indonesia. (2007). Pernyataan Standar Akuntansi Keuangan No. 101-106. Jakarta: Salemba Empat.
- Idowu So, Capaldi N.,Z Gupta AD (2013), Enssiklopedia Tanggung Jawab social perusahaan, pringer , berlin, Heidelberg
- Kaihatu, T. S. 2006. Good Corporate Governance dan Penerapannya di Indonesia. Jurnal Manajemen dan Kewirausahaan, Vol. 8, No.1 : 1-9, Maret
- Komite Nasional Kebijakan Governance , (2006), Pedoman Good Corporate Governance Indonesia, Jakarta.

- Klapper and Love (2004), Corporate Governance, Investor Protection and Performance in emerging Market. Journal Of Corporate Fiannce, Elsevier, vol 10(5),page2 703-728, November.
- Nursatyani, Anisa, 2011. Analisa Pengaruh Efisiensi Operasi, Resiko Kredit, Resiko Pasar dan Modal Terhadap Kinerja keuangan Perbankan (studi Perbandingan pada Bank Domestik dan Bank Asing di Indonesia Periode 2004-2008). Skripsi Universitas Diponegoro Semarang.
- Maali, B, Casson P, dan Napier, C, (2006), Social Reporting by Islamic Banks, ABACUS, 42(2), 266 – 289.
- Mawardi (2005) , Analisis factor-faktor yang mempengaruhi kinerja Keuangan Bank Umum dengan total Aset kurang dari 1 Triliun, Jurnal Bisnis dan Strategi .
- Mariyanti, Tati (2011), "Faktor Sosial Ekonomi yang Mempengaruhi Penurunan Kemiskinan di Indonesia dalam Perspektif Islam" Disertasi tanpa publikasi, Program Doktor Islamic Ekonomi & Fianance. Universitas Trisakti. Jakarta.
- MC Gee, RW, Simon dan Annie (2008), “ A. Comparative study on perceive Ethics of Tax Evasioan, 2008, PP 147 - 158.
- Murwaningsari, Etty. (2009). “Hubungan Corporate Governance, Corporate Social Responsibility, dan Corporate Financial Performance dalam Satu Continuum”. Jurnal Akuntansi dan Keuangan. Vol. 1 No. 11: 30-41.
- Naqvi, S. N. H. (1981) Ethics and Economics: An Islamic Synthesi, The Islamic Foundation, UK.
- Ndaruning puri Wulandari. (2005). Pengaruh Indikator Mekanisme Corporate Governance Terhadap Kinerja Perusahaan Publik di Indoncsia. Tesis S2 Program Studi Magister Sains Akuntansi.Univ. Diponegoro.
- Nurlela, Rika dan Islahuddin, (2006), "Pengaruh Corporate Social Responsibility Terhadap Nilai Perusahaan Dengan Prosentase Kepemilikan Manajemen Sebagai Variabel Moderating", Universitas Syah Kuala.
- Othman, Rohana & Thani, Azlan Md (2010), "Islamic Social Reporting of Listed Companies in Malaysia", International Business & Economics Research Journal – April 2010 Volume 9, Number 4 - 135
- Patten, D.M. (1991), "Exposure, Legitimacy, and Social Disclosure", Journal of Accounting and Public Policy, Vol. 10
- Pranata, Y. (2007). Pengaruh Penerapan Corporate Governance Terhadap Kinerja Keuangan Perusahaan. Universitas Islam Indonesia Yogyakarta.
- Preston , L.E and O ‘ Bannon D.P (1997). The Corporate Social – Financial Performance Relationship , Business and Society
- Pemerintah Indonesia, (2007). UU Nomor 40 Tahun 2007 tentang Perseroan Terbatas.
- Peraturan Bank Indonesia No. 11/33/PBI/2009 Tentang Pelaksanaan GCG bagi Bank Syariah.
- Peraturan Pemerintah Republik Indonesia Nomor 64 Tahun 1999 tentang Perubahan Atas Peraturan Pemerintah Notnor 24 Tahun 1998 Tentang Informasi Keuangan Tahunan Perusahaan.
- Prasetyo, Herry dan Indradie (2009), [http// Keungan.Kontan.Co.ID/news/bi keluaran-aturan-tatakelola-bank-syariah-1](http://Keuangan.Kontan.Co.ID/news/bi_keluarkan-aturan-tatakelola-bank-syariah-1)
- Prof. Dr. Asyraf Wajdi Dusuki, (2008), Corporate Govenance and Stakeholder Manajement An Islamic Approach, Essential Readings In Islamic Finance, CERT, Kuala Lumpur Malaysia.
- PSAK 100 sd 106 Tentang Akuntansi Sariah, IAI, Jakarta 2010.
- Ramanathan, K.V. (1976), "Toward A Theory of Corporate Social Accounting", The Accounting Review, Vol.51 No.3
- Reverte, C. (2008). "Determinants of Corporate Social Responsibility Disclosure Ratings by Spanish Listed Firms", Journal of Business Ethics (2009) 88:351-366 DOI 10.1007/s 10551-008-9968-9.
- Roberts, R.W. (1992), "Determinants of Corporate Social Responsibility Disclosure: An Application of Stakeholder Theory", Accounting, Organization and Society, Vol. 17 No. 6 pp.595-612.
- Said, Roshima., Yuserrie Hj Zainuddin, dan Hasnah Haron. (2009). "The Relationship between Corporate Governance Characteristics in Malaysian Public Listed Companies". Social Responsibility Journal. Vol.5, No.2, hal. 212-226.
- Sastrawan, I Made Dwi. 2016. Pengaruh Langsung Dan Tidak Langsung Good Corporate Governnace Terhadap Pengungkapan Tanggung Jawab Sosial Perusahaan. E-Jurnal Akuntansi Universitas Udayana, 14(11), h: 1-32.

- Sayidah, N. (2007). Pengaruh Kualitas Corporate Governance Terhadap Kinerja Perusahaan Publik (Studi Kasus Peringkat 10 Besar CGPI Tahun 2003, 2004, 2005). *JAAI*, *11*(1), 1-19.
- Setiawan, Azis Budi (2009), Kesehatan Finansial dan Kinerja Sosial Bank Umum Syariah di Indonesia, Tesis, Universitas Paramadina, Jakarta.
- Ulum, Ihyaul (2007). *Pengaruh Intellectual Capital Terhadap Kinerja Keuangan Perusahaan Perbankan Di Indonesia*. Universitas Diponegoro.
- Wafa, S. Azizi, Sulaiman Tahajuddin, & Ong Fun Aik (2002), Accountant View of Attributes of *Corporate governance* in Malaysian Public Listed Companies. In The Fifth Indonesian Conference on Accounting, Semarang 5-6 September, pp 87-95.