



ANALYSIS OF EFFECT OF PROFITABILITY, CAPITAL, RISK FINANCING, THE SHARIA SUPERVISORY BOARD AND CAPABILITIES ZAKAT IN ISLAMIC PERSPECTIVE WITH CIRCULAR APPROACH CAUSATION ON ISLAMIC BANKS IN INDONESIA

Raja Ria Yusnita^{1*}
Yuzwar Z. Basri²
Tatik Mariyanti³
Zulhelmy⁴
Willy Arafah⁵

^{1,2,3,4,5}Trisakti University, Jakarta, Indonesia.

¹Email: rajaria16@eco.uir.ac.id



(+ Corresponding author)

ABSTRACT

Article History

Received: 8 May 2019

Revised: 13 June 2019

Accepted: 23 July 2019

Published: 6 September 2019

Keywords

Charity

Profitability

Capital

Risk financing

Sharia supervisory board.

This study aimed to analyze the effect of profitability, capital, financing risks, the ability of Sharia supervisory boards and zakat from an Islamic perspective in the circular causation approach, on Sharia banks in Indonesia. This study used a methodology to integrate the TSR of interaction, integration, and evolution (IIE) to produce factors that affect the ability of zakat and the factors that affect the profitability of Indonesian Islamic banks. The study used the purposive sampling method with a sample of five Islamic banks from 2014 until 2017. This study uses Two Stage Least Square (2SLS) analysis to solve the problem with the Eviews program. The results demonstrated that the ability of zakat can be influenced by profitability, risk financing and capital while the Sharia supervisory board does not have a significant effect on the zakat capability. Profitability may be affected by the ability of zakat, risk financing and capital but not the Sharia supervisory board. The implications show that there is a simultaneous relationship between the ability of zakat and profitability. We recommend that Islamic banks that adhere to Islamic principles should not be afraid to issue zakat as the tithe does not diminish but increases wealth.

Contribution/Originality: This study used Two Stage Least Square (2SLS) analysis to solve the problem with the Eviews program. This study created a new formula for the interaction, integration and evolution (IIE) process resulting from the Tawhidi String Relation (TSR) calculation. This study found no reciprocal relationship between zakat capability and profitability. This paper contributes to the first logical analysis that the traffic zakat Islamic banks can be influenced by profitability, the risks of financing and the Sharia supervisory board. Profitability may be affected by the ability of zakat, risk financing, and Sharia supervisory board. Capital has no effect on the ability of zakat and profitability. The results show that Islamic banks should adhere to Islamic principles and not be afraid to issue zakat as the tithe does not diminish but increases wealth.

1. INTRODUCTION

To boost economic growth and social welfare, the government recognized that the role of Islamic banks is very important. The Islamic bank is an institution or company whose activities raise funds in the form of demand deposits, savings deposits and deposits of other parties' surplus funds (surplus spending unit), then return it to the

people who need funds (deficit spending units) through the sale of financial services, which in turn, can improve the welfare of the general public (Taswan, 2010).

Islamic banking requires carrying out a social function through benevolent loans (qard), zakat, or social funds in accordance with the teachings of Islam (Antonio, 2001). Islamic banking is a representation of a new wave of social enterprises where social function is at least as important as the search for profit (profit-oriented) (Haniffa and Hudaib, 2010). The social function activities of Islamic banking in Indonesia are set out in Law No. 21, 2008, Article 4 (Ifhan, 2010). These social functions are expected to expedite the allocation and distribution of social funds needed by the community, especially those in need (Budi, 2009).

In this case, company zakatis one of the charity funds to be collected if it is over the nisab threshold and beyond one haulnya as instructed in the Al-Qura'an, As-Sunna, and the ijma 'ulama (Ahmed, 2012; Rahmanti *et al.*, 2013). Profitability, capital, risk financing and the Sharia supervisory board will affect the ability of Islamic banks' charity. Therefore, researchers are interested in identifying the profitability, capital, risk financing and the ability of Sharia supervisory board to affect the zakat of Islamic commercial banks.

Islamic banks as financial institutions engaged in Islamic financial services are supposed to issue a zakat in accordance with the rules of Islam and the rule of law so that the purpose of the benefit and blessing can be achieved. Act. No 17/2000 explains that the charity does not impose on companies and those Islamic banks as financial institutions would have to consider the condition of the financial performance in conducting any policy included in spending company zakat. The condition of the financial performance is measured by profitability (ROA), capital (CAR), financing risks (NPF) and the supervisory board of Sharia (DPS).

According to Hameed *et al.* (2004) Zakah is an approach for measuring large and small zakat issued by Islamic banking. Large and small charity issued Islamic banking is affected by financial performance in the form of ratios, such as the FDR (Financing to Deposit Ratio), the NPF (Non Performing Ratio), the ratio of ROA (Operating Expenses compared with operating income) and ROA (Return on Assets) (Winarsih and Sigit, 2011).

2. RESEARCH FRAMEWORK AND HYPOTHESIS DEVELOPMENT

2.1. Tawhidi String Relation (TSR) Perspektif

The TSR methodology has five variables which used the model of circular structural equation causation by Choudhury (2011). The model is contrasted with the dependent and independent variables because each variable has a causal relationship or influence each other. The model was formed through the interaction, integration and evolution (IIE) process, which makes all the variables have a reciprocal relationship. These variables can be seen in Figure 1.

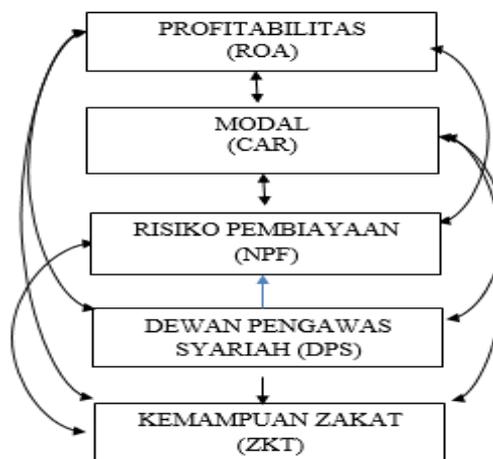


Figure-1. Model framework of methodology TSR.

The relationships between variables can be explained by the characteristics of the Tawhidi String Relation calculations (with the variables of profitability, capital, risk financing, Sharia supervisory board and zakat ability) obtained by the IIE process. This means the relationship between these variables were calculated with the function $S_i = S_i(\text{ROA, CAR, NPF, DPS})$ and the social wellbeing function was then subject to circular causation $S_i; f(X_i, \theta)$. Choudhury (1998) explains that the Islamic economic approach was necessary to use the shuratic process or shura approach. But the reciprocal relationship between variables obtained was limited to the process of TSR methodology resulting from the IEE process rather than accounting.

Only two variables had a reciprocal relationship: zakat capability and profitability therefore two equations for the factors that affect the zakat ability and the factors that affect profitability were obtained as can be seen below:

1. Zakat = $\alpha_{1.0} + \alpha_{1.1} \alpha_{1.2} \text{ROA} + \text{CAR} + \alpha_{1.3} \text{NPF} + \alpha_{1.4} \text{DPS} + \alpha_{1.5} \theta$
2. ROA = $\alpha_{2.0} + \alpha_{2.1} \alpha_{2.2} \text{ZAKAT} + \text{CAR} + \alpha_{2.3} \text{NPF} + \alpha_{2.4} \text{DPS} + \alpha_{2.5} \theta$

2.2. Company Zakat

Company zakat is the concept that a business unit, organization or institution has the same responsibility (rights and obligations) as set out in a separate law on the responsibility of the owner in running any business (Mufraini, 2006). The legal basis in terms of the obligation of zakat for a company is in Act 38 of 1999 on Zakat Management, Chapter IV, Article 11 paragraph (2) section (b) which stated that among the objects that must be issued zakat are trade and enterprises.

According to scholars of contemporary jurisprudence, the cornerstone of Islamic religious law on the obligation of zakat by companies are texts of a general nature, such as the word of Allah in the Qur'an Surat At-Tawbah verse 103 and the Al-Baqarah verse 267. The scholars of the first international congress compared these zakat obligations to those of charity trading companies, in the light of the legal and economic aspects of a company as its core activities rests on trading activity. Therefore, the general pattern of calculating zakat payment is the same for a company as it is for general charity. The nisabnya is set at 85 grams of pure gold and the zakat calculation is based on the company's financial statements (balance sheet) by subtracting the liabilities over current assets or net debt and other liabilities and obligatory zakat issued by a company is set at 2.5%.

Qardhawi (1999) presents charity that is quite often associated with charity organizations today including trading zakat, alms investment, as well as stocks and bonds zakat. The International Conference on Zakat in Kuwait in 1404 H as quoted by Hafidhuddin (2008) stated that zakat in practice is also associated with the company. A similar opinion was issued by the Council of Islamic Fiqh Academy (1985-2000) and Committee of the National Council of Islamic Religious Affairs in Malaysia (1992), which approved the practice of company zakat. Obaidullah (2016) also listed several studies that have been discussing the responsibilities of ownership of existing businesses.

2.3. Profitability

According to Siamat (2005) profitability ratios are used to measure the effectiveness of the bank in obtaining profits. Besides profitability can be used as a measure of financial health, this ratio is very important to note considering the profits obtained by the company to maintain the flow of capital resources. It was proxied by the ratio Profitability Return on Assets (ROA) in this study which is the ratio of profit before tax to the total assets in one period (Firmansyah and Rusydiana, 2013).

2.4. Capital

Capital is any form of property owned for producing more wealth. Capital in the literature jurisprudence is called ra'sul mall which refers to the value of money and goods. Capital is how wealth creates wealth. Owners of capital must seek to increase capital. Capital should not be overlooked however one is obliged to use it well in order for capital to continue to be productive and not used up.

Capital in this study was proxied by the Capital Adequacy Ratio (CAR) which is the ratio used to measure the bank's ability to maintain sufficient capital and the bank's ability to identify, measure, monitor, and control risks that arise that can affect the amount of capital banks (Mudrajad, 2002). Under the terms of Bank Indonesia, the Capital Adequacy Ratio (CAR) has a minimum value of 8%. (Filzah, 2016) states that the Capital Adequacy Ratio (CAR) is a ratio showing the percentage of the total assets of the bank that contain an element of risk (financing, investments, securities, bills to other banks) which are financed from their own capital in addition to obtaining funds of funds from outside banks.

In other words, the Capital Adequacy Ratio (CAR) is the ratio of performance of bank owned assets that contain risk that is used to measure the capital adequacy of banks. The higher the CAR, the better the condition of a bank (Achmad and Willyanto, 2003). If the CAR value is higher it means that the bank is able to finance the operations of the bank and that the bank's favorable state will contribute significantly to its profitability (Mudrajad, 2002).

2.5. Risk Financing

Risk financing is one of the bank's business risks, resulting from nonpayment of re-financing provided by the bank to the debtor bank. Therefore, banks need the ability to manage financing (Sinungan, 2000). To understand the concept of risk financing in Islamic banks, it is necessary to understand the business processes of the Islamic bank financing scheme itself. If we understand business processes, we will be able to identify risk points at each stage of the process and at the same time the triggers of these risk factors.

Credit risk is the risk of potential losses of banks as a result of nonpayment of bank loans to borrowers and other parties (Ali, 2006). Financing risks in Islamic banking are reflected in the ratio of NPF (Non Performing Financing). Financing problems in Islamic banks, can include loan repayments experiencing difficulties as a result of internal or external factors beyond the control of the debtor (Siamat, 2008). Non Performing Financing demonstrates the ability of bank management to manage the troubled financing provided by the bank. The higher this ratio will be the worse the credit quality of the bank as a higher amount of bad loans will make the bank's condition more problematic. Loans in this case loans are given to third parties, not including credit to other banks. Non-performing loans are loans with substandard quality, doubt and loss. (Almilia and Herdinigtyas, 2006).

2.6. Sharia Supervisory Board

Harahap (2002) provides a definition of DPS as independent institutions or specialized judges in fiqh almuamalat (Fikih Mmuamalat). However, DPS could also refer to members outside of jurisprudence and also experts in the field of Islamic financial institutions in fiqh muamalat. The DPS is a financial institution which directs, reviews and supervises the activities of financial institutions so that they abide by the rules and principles of Islamic Shari'a, and fatwa DPS members will bind the Islamic financial institutions.

According to Bank Indoneisa (2004b) the number of members for the DPS for Islamic banks is two to five people. DSN MUI (2000) and BI (2004b) agreed that members of the DPS should be of high integrity and have the competence, knowledge and experience required in fiqh muamalah, financial activities and business transactions. BI (2004b) also stated that members of the DPS should have a good financial reputation.

2.7. Hypothesis

Islamic banks can be encouraged to spend zakat by the high profitability, the amount of capital, the low risk of financing and can be monitored by DPS. Khoirul (2000) indicated that the value of the health of the financial performance, capital and profits had a positive effect on the zakat ability of the company. Financial performance variables had a dominant influence on zakat fund and the theory is that good financial performance will lead to good zakat too. Khoirul (2000) indicated that the value of the health of the financial performance, capital and profits have

a positive effect on the company's zakat ability. Zaitun (2001) in his research indicated that ratio Return on Assets (ROA) significantly affects zakat.

H1 : Profitability has an effect on the zakat ability of Islamic banks.

H2 : Capital has an effect on the zakat ability of Islamic banks.

H3 : Financing risk has an effect on the zakat ability of Islamic banks.

H4 : Sharia supervisory board has an influence on the zakat ability of Islamic banks.

Sidik and Reskino (2016) stated that the charity has a positive and significant effect on the performance of the company. This result was also expressed in the research of Amirah and Raharjo (2014) that the charity had a positive and significant effect on the performance of the Buyung (2009) research results which examine the effect of CAR on ROA where the results of the study indicate that CAR has a positive effect on bank ROA. The results of this study indicate that the higher CAR achieved by banks shows the bank's performance is getting better, so that bank profit income is increasing. Financing risk is the risk faced by banks because they distribute funds in the form of loans to the public (Susilo, 2000) company.

According to Abdullah (2005) if a large number of loans and reserves are made then the bank's capital is likely to be negative and the profits earned will be diminished. Chtourou et al. (2001) stated that the greater the number of members on the boards in the company's management monitoring mechanism, the better. Thus, a larger number of members of the Sharia Supervisory Board will improve its supervision of bank management in accordance with Islamic principles, so there is no unprincipled use of funds that could reduce profitability.

H5 : The zakat ability has an influence on the profitability of Islamic banks.

H6 : Capital has an influence on the profitability of Islamic banks.

H7 : Financing risks have an influence on profitability at Islamic banks.

H8 : Sharia supervisory board has an influence on the Islamic banks' profitability.

3. RESEARCH METHODOLOGY

This research is exploratory research that describes causal relationships between variables through hypothesis testing (Hermawan, 2009). This study used quantitative data with the simultaneous equation model with the Two Stage Least Square (2SLS) method, which analyzed the relationship between variables to solve the endogeneity problem. The populations in this study were all the Islamic banks in Indonesia. In determining the research sample, purposive sampling used the criteria that Islamic Banks in Indonesia which have released zakat reports as part of their annual financial statements over the period 2014-2017 and that had income that reached the required nishab thresholds.

4. RESEARCH ANALYSIS

This equation shows that the zakat ability of Islamic banking can be influenced by the profitability, capital, risk financing and the Sharia supervisory board as follows:

$$ZKT = C (1) + C (2) * ROA + C (3) * CAR + C (4) * NPF + C (5) * DPS + \theta$$

$$ZKT = 2,983 + 2,228 * ROA -0.02CAR + 5 * 0400 * 0972 * NPF + DPS + \theta$$

Table-1. Results of the statistic test result data processing with simultaneous model variables that affect zakat.

Variable	Coefficient	Std. error	t-statistic	Prob.
ROA	2.227535	0.265102	8.402562	0.0000
CAR	-0.024865	0.016961	-1.465988	0.1468
NPF	-0.399913	0.095681	-4.179652	0.0001
DPS	0.971972	0.223373	4.351340	0.0000
C	2.982893	0.927260	3.216891	0.0019
R-squared	0.598540			
Adjusted R-squared	0.577129			
Prob (F-statistic)	0.000000			

Table 1 shows that profitability had a positive relationship and a significant impact on the zakat ability of Islamic commercial banks in Indonesia. This was shown by the probability value of $0.000 < \alpha = 0:05$ with the coefficient of 2,228. Capital showed no effect on the ability of charity but had a negative correlation to the zakat ability. This can be proved by the profitability value of $0.147 > \alpha = 0.05$ and the coefficient of value -0025. Financing risks had a negative and significant impact on the zakat ability of Islamic banks as shown by the probability value of $0.000 < \alpha = 0:05$ with the coefficient value of -0400. The size of the Sharia supervisory board (by member number) showed a positive and significant relationship to the zakat ability.

This equation shows that profitability is influenced by the ability of zakat, capital, risk financing and the Sharia supervisory board:

$$ROA = \alpha_{2.0} + A_{2.1} \alpha_{2.2} ZKT + CAR + \alpha_{2.3} NPF + \alpha_{2.4} DPS + \alpha_{2.5} \theta$$

$$ROA = 0.579 + 0.218 (ZKT) - 0.0005 (CAR) - 0.184 (NPF) + 0.380 (DPS)$$

Table-2. Results of the statistic test result data processing with simultaneous model variables that affect profitability.

Variable	Coefficient	Std. Error	t-statistic	Prob.
LN_ZKT	0.217685	0.025907	8.402562	0.0000
CAR	-0.004620	0.005351	-0.863337	0.3907
NPF	-0.183729	0.025553	-7.190115	0.0000
DPS	-0.380446	0.064631	-5.886455	0.0000
C	0.578706	0.301915	1.916784	0.0591
R-squared	0.713068			
Adjusted R-squared	0.697765			
Prob (F-statistic)	0.000000			

Table 2 shows that the zakat ability had a positive relationship and a significant impact on profitability which means that if the zakat issued by Islamic banks increased, profitability increased. This was shown by the probability value of $0.000 < \alpha = 0:05$ with the coefficient of 0.218. Islamic banks' capital showed a negative relationship and no significant effect on the profitability of Islamic banks as shown with a probability value of $0.391 > \alpha = 0:05$ with the coefficient of -0005. Financing risks showed a negative and significant relationship to the profitability of Islamic banks. This was shown by the probability value of $0.000 < \alpha = 0:05$ with the coefficient value of -0184. The size of the supervisory board of Sharia in this study had a significant negative correlation to profitability. This was shown by the probability value of $0.000 < \alpha = 0:05$ with the coefficient value of -0380.

Hypothesis 1. Profitability, based on the analysis of the hypothesis testing that was done, was proxied by the ROA and had a positive effect on zakat. It was suggested that the higher the profitability achieved by Islamic banks the greater the ability to pay zakat. Profit greatly affected the zakat paid by Islamic banks because profit is a key concept in determining the amount of zakat to be paid out by Islamic banks. It could be argued that if the ROA increased, it will cause a greater level of profit achieved by the bank and that if the bank's financial performance was good the charity funds released would be greater.

This study supported the results of research conducted by Nurul Ahmad Muammar stating that ROA had a significant effect on the zakat ability. The results also supported the results of previous research by Khoirul (2000); Sembiring (2005); Muammar (2010); Evandini and Darsono (2014); Istiani (2015); Dewi and Ade (2017) which obtains the result that profit has a significant effect on the company zakat.

Hypothesis 2. Capital did not significantly affect but was negatively related to charity. It has been suggested that the higher the amount of capital raised the smaller the amount of zakat issued by Islamic banks. This is because many banking companies have budgeted zakat funds to be quite low, the low amount of zakat funds issued due to the small profit seen from the ROA value obtained by Islamic banks. However, the magnitude of profitability obtained by the bank does not guarantee that the bank will dispense a higher amount of charity, even though the

level of capital adequacy of banks are quite large, but in this study the company zakat ability was seen only from the profit generating banks.

Hypothesis 3. Risk financing (NPF) had a negative effect on zakat. The higher the risk of financing the worse the quality of Islamic banking financing. Thus, if an Islamic bank has high NPF (Non Performing Financing), it will increase the cost of the providing both productive assets and other costs, affecting the performance of the bank. This study fits with previous research that stated that the NPF (Non Performing Financing) had a negative influence on zakat (Wahyudi, 2015). The success of Islamic banking relies heavily on revenue and one of them through risk mitigation funding has been channeled to minimize financing problems or termed NPF (Non Performing Financing). As Shahibul mall or mudharib, Islamic banking by channeling public funds into productive assets that generate profits. But the expectations of such profits to the risks faced by the distribution of funding must be compared and considered. This is in accordance with the rules of fiqh specialized in mu'amalah or transactions and profits appear along the risk / risks that accompany the benefits.

Hypothesis 4. The size of the Sharia Supervisory Board (DPS) influenced the payment of zakat. DPS is an independent agency to monitor the operational activities of the company to be run according to Islamic principles, including supervision in terms of charity. The results support some of the research conducted by Khoirudin (2013), Dipika (2014) and Aulian (2016).

Hypothesis 5. Zakat in this study had a positive effect on profitability. Zakat shows the percentage of zakat management issued by the bank umun Sharia. Changes in the value of zakat had a very weak effect on profitability in Islamic banks. The results proved that the tithe would not reduce the property in relation to the company's performance because the tithe would grow and improve company performance.

Hypothesis 6. The capital was proxied by CAR and the results showed that there was no significant influence but that it had a negative effect on the magnitude of the profitability of Islamic banks, ie, the greater the CAR the less the profitability Islamic banks. Widyanto (2012) stated that if the CAR rose then profit declined.

Hypothesis 7. Risk financing (NPF) had a significant negative effect on profitability (ROA). The results showed that the greater the risk of financing the smaller the profits. Increased risk of financing affected the bank's profits, because the higher the risk of financing by Islamic banks the worse the operation and outlay which creates larger financial problems and the bank has to bear the losses affecting profits adversely (Kasmir, 2004). This research is consistent with the theory according to Sutojo (2008) that a bank with large financing problems decreases its profitability.

Hypothesis 8. The size of the Sharia Supervisory Board (DPS), had a negative impact on profitability (ROA). The larger the member numbers of DPS the smaller the ROA. Overall, these findings were consistent with the idea that the large size of the board is characteristic of weak corporate governance and limiting the size of the board is required at a certain level. Thus, it is believed to improve bank performance because the benefits of a greater board of increased monitoring are burdened by communication and decision making that is worse than a larger group. This argument showed that the large size of the board appeared to adversely affect the performance of banks (Al-Manaseer *et al.*, 2012).

5. CONCLUSIONS AND IMPLICATIONS

Thus, the conclusions of the complex relationships between variables in this study are:

1. The zakat ability of Islamic banks can be influenced by the profitability, risk financing and capital while the size of the Sharia supervisory board does not have a significant effect.
2. Profitability can also be influenced by the charity issued by the bank, risk financing and the size of the Sharia supervisory board, but that the capital had no significant effect on profitability.

Implication: Not all variables in this research could have a reciprocal relationship, because the TSR methodology used was limited to the models obtained, but needs to be proven in accounting (Alam and Sofyan, 2008). With a mutual relationship between the zakat ability and expected profitability, banks should not hesitate to issue a zakat in accordance with the provisions of the religion and the applicable laws with the vision and mission of Islamic banks having a social function. The ability of zakat is taken in this study because zakat distribution has determined the object that has the right to receive it. The collected zakat should be used and paid special to eighth mustahik factions or the eight particular group of persons entitled to receive zakat that are mentioned in the Qur'an (Harahap, 2008). Capital does not affect the ability of zakat and profitability due to the ability of zakat is issued based on profits not on capital or assets owned by BUS, although there are several methods of calculation from several experts or other experts that involve capital in compulsory zakat. Meanwhile, with caution, the BUS in safeguarding capital is due to the BUS more maintaining the mandate of the public in leaving their capital to the Sharia Commercial Bank.

Funding: This study received no specific financial support.

Competing Interests: The authors declare that they have no competing interests.

Acknowledgement: All authors contributed equally to the conception and design of the study.

REFERENCES

- Abdullah, F.M., 2005. Fundamentals of financial management, print fifth. 2nd Edn., Malang: Publishing Muhammadiyah University.
- Achmad, T. and K.K. Willyanto, 2003. Analysis of financial ratios as indicators in predicting the potential bankruptcy of banking in Indonesia. *Economic and Business Media*, 15(1): 54-75.
- Ahmed, A.A.A., 2012. Accounting in Islamic perspective: A timely opportunity challenge. *ASA University Review*, 6(2): 11-30.
- Al-Manaseer, M., R.M. Al-Hindawi, M.A. Al-Dahiyat and I.I. Sartawi, 2012. The impact of corporate governance on the performance of Jordanian banks. *European Journal of Scientific Research*, 67(3): 349-359.
- Alam, C.M. and S.H. Sofyan, 2008. Interrelationship between Zakat, Islamic bank and the economy: A theoretical exploration. *Managerial Finance*, 34(9): 610-617. Available at: 10.1108/03074350810890967.
- Ali, M., 2006. Risk management - banking strategy and business world facing the challenges of business globalization. Jakarta: Rajawali Press.
- Almilia, L.S. and W. Herdinigtyas, 2006. CAMEL ratio analysis of prediction of problematic conditions in banking institutions in the period 2000-2002. *Accounting and Financial Journal*, 7(2): 131-147.
- Amirah and T.B. Raharjo, 2014. Effects of alms fund allocation on financial performance of Islamic banking. National Seminar and Call For Paper.
- Antonio, M.S., 2001. Sharia bank from theory to practice. Jakarta: Gema Insani Press.
- Aulian, F., 2016. The influence of financial performance and Sharia supervisory board on disclosure of corporate social responsibility for Sharia editions. Essay. Semarang: Faculty of Economics and Business, Diponegoro University.
- Bank Indoneisa, 2004b. Members of Shariah of advisory council of Islamic bank. June. Directorate of Islamic Banking.
- Budi, R., 2009. Basics of stock fundamental analysis of company financial statements. Gajah Mada University Press Publisher.
- Buyung, N.A., 2009. Analysis of the effect of NPL, CAR, LDR, and BOPO on bank profitability (Comparison of Go Public Banks and Non Go Public Commercial Banks in Indonesia for the Period of 2005-2007). Thesis. Diponegoro University Semarang Master of Management Study Program Muammar, A.N., 2010. Analysis of the Effects of Financial Performance on Zakat Ability at Bank Syariah Mandiri and Mega Syariah Bank. Thesis of the Walisongo State Islamic Institute. pp: 5.
- Choudhury, M., 2011. A probabilistic model of learning fields. *The Journal of Muamalat and Islamic Finance Research*, 7(1).
- Choudhury, M.A., 1998. Why cannot neoclassicism explain resource allocation and development in the Islamic political economy?. In *Studies in Islamic Science and Polity*. London: Palgrave Macmillan. pp: 114-134.

- Chtourou, S.M., J. Bedard and L. Courteau, 2001. Corporate governance and earnings management. Working Paper. Quebec City, Canada: Universite Laval.
- Dewi, A.M. and S.M. Ade, 2017. Analysis of company size influence, capital Adequacy ratio (CAR), non performing financing (NPF), Return On Asset (ROA), Financing Deposit Ratio (FDR) on Disclosure of Corporate Social Responsibility (CSR) of Sharia Commercial Banks in Indonesia Period 2012-2015 Human Falah, 4(1).
- Dipika, N.A., 2014. Effects of good corporate governanc, company size, and profitability on Islamic social reporting disclosures: Case study on Islamic banking in Indonesia period 2010-2012. Essay. Yogyakarta: Faculty of Sharia and Law of the State Islamic University of Sunan Kalijaga Yogyakarta.
- DSN MUI, 2000. DSN Fatwa association: DSN Decree No. 03 of 2000, concerning implementation guidelines for determination of members of the Sharia supervisory board in Islamic Financial Institutions. 2nd Edn., Jakarta: PT. Intermasa, 2003.
- Evandini, C. and D. Darsono, 2014. Factors influencing the disclosure of corporate social responsibility in manufacturing companies listed on the IDX. Diponegoro Journal of Accounting, 3(3): 1-11.
- Filzah, A.N., 2016. Influence analysis of CAR, ROA, ROE, NPF, FDR, NIM, and BOPO against payment of Alms in Islamic commercial Banks. Essay. Syari'ah Faculty of Bandung Islamic University.
- Firmansyah, I. and A.S. Rusydiana, 2013. Effect of profitability on Zakat expenditure on Islamic commercial banks in Indonesia with company size as moderating variables. Liquidity, 2(2): 110-116.
- Hafidhuddin, D., 2008. The power of zakat comparative study of zakat management in Southeast Asia. Islamic University of Negri Malang in Collaboration with the Center for Zakat Study and Endowments "El-Zawa".
- Hameed, S., A. Wirma, B.A. Rrazi, M.N. Bin Mohamed Nor and S. Pramono, 2004. Alternative disclosure and performance for IslamicBank's. Proceeding of The Second Conference on Administrative Science: Meeting The Challenges of The Globalization Age. Dahrn, Saud Arabia.
- Haniffa, R. and M. Hudaib, 2010. Islamic finance: From sacred intentions to secular goals? Journal of Islamic Accounting and Business Research, 1(2): 85-91. Available at: <https://doi.org/10.1108/17590811011086697>.
- Harahap, S.S., 2002. Fixed assets accounting. Jakarta: Bumi Aksara.
- Harahap, S.S., 2008. Critical analysis of financial statements. Jakarta: Raja Grafindo Persada.
- Hermawan, A., 2009. Business research. Jakarta: PT. Grasindo.
- Ifhan, S.A., 2010. Sharia economy. Jakarta: PT Gramedia Main Library.
- Istiani, F., 2015. Effect of bank size, profitability, liquidity, and leverage on disclosure of Islamic social reporting (Empirical Study of Sharia Commercial Banks in Indonesia in 2011-2014). Essay. Syarif Hidayatullah UIN.
- Kasmir, 2004. Banks and other financial institutions. 6th Edn., Jakarta: PT. Raja Grafindo Persada.
- Khoirudin, A., 2013. Corporate governance and disclosure of Islamic social reporting in Islamic banking in Indonesia. Accounting Analysis Journal, 2(2): 227-232.
- Khoirul, A.I.S., 2000. Thesis: Analysis of the effect of financial performance on Zakat ability at Islamic financial institutions. Master of Management Study Programs at Diponegoro University, Semarang.
- Muammar, A.N., 2010. Analysis of the effect of financial performance on Zakat ability at Bank Syariah Mandiri and mega Syariah bank. Thesis of the Walisongo State Islamic Institute. pp: 5.
- Mudrajad, K., 2002. Suhardjono, management of banking theory and applications. Yogyakarta: UGM Faculty of Economics.
- Mufraini, M.A., 2006. Zakat management accounting: Communicating awareness and building networks. Kencana, Jakarta.
- Obaidullah, M., 2016. Revisiting estimation methods of business Zakat and related tax incentives. Journal of Islamic Accounting and Business Research, 7(4): 349-364. Available at: <https://doi.org/10.1108/JIABR-10-2014-0035>.
- Qardhawi, Y., 1999. State guidelines in the Islamic perspective. North Jakarta: Al-Kautsar Library.
- Rahmanti, V.N., A.D. Mulawarman and A. Kamayanti, 2013. Shifting the stock concept paradigm towards flow concept: Net revenue sharing criticism on Mudharabah accounting. Review of Islamic Economy and Culture of Islamic Culture, 1(1): 8-22.

- Sembiring, 2005. Corporate characteristics and disclosure of social responsibility: Empirical study on companies listed on the Jakarta stock exchange. Paper Presented at the National Accounting Seminar, Solo.
- Siamat, D., 2005. Financial management monetary and banking policy. Jakarta: Faculty of Economics, University of Indonesia.
- Siamat, D., 2008. Management of financial institutions monetary and banking policies. Jakarta: Intermedia.
- Sidik, I. and Reskino, 2016. Effect of Zakat and ICSR on reputation and performance. National Accounting XIX Symposium, Lampung, 2016.
- Sinungan, M.D., 2000. Bank fund management. Jakarta: PT Budi Aksara.
- Susilo, D.K.K., 2000. Efficiency performance in commercial banks. Paper in Proceeding PESAT (Psychology, Economics, Literature, Architecture, and Civil) Auditorium of the Gunadarma Campus Date 21-22 August 2000. Jakarta. Taiwan, 2010. Banking Management Concepts, Techniques, and Applications. Yogyakarta: UPP STIM YKPN, 2.
- Sutojo, 2008. Modern financial management (modern financial modern). Jakarta: Damar Mulia Pustaka.
- Taswan, 2010. Banking management concepts, techniques, and applications. Yogyakarta: UPP STIM YKPN.
- Wahyudi, D., 2015. Empirical analysis of the effects of corporate social responsibility (CRS) activities on tax avoidance in Indonesia. Journal: Indonesian Widyaiswara Association (IWI), Banten.
- Widyanto, E.A., 2012. Analysis of bank soundness and financial performance using the CAMEL method. *Eksis Journal*, 8(2): 2168-2357.
- Winarsih and S. Sigit, 2011. Factors affecting profit growth in Sharia Banks in Indonesia. *Journal of Educational Sciences*, 18(31): 1-17.
- Zaitun, S., 2001. Thesis, analysis of the effect of profitability ratio on Zakat at PT. Bank Muamalat Indonesia. Master of Management Study Program at Diponegoro University, Semarang.

Views and opinions expressed in this article are the views and opinions of the author(s), The Economics and Finance Letters shall not be responsible or answerable for any loss, damage or liability etc. caused in relation to/arising out of the use of the content.