

Conference Paper

Islamic Corporate Governance and Islamic Social Responsibility Towards Maqashid Shariah

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Abstract

This research aims to examine the implementation of Islamic corporate governance (ICG) and Islamic social responsibility (ISR) and their implication towards maqashid shariah. ICG proxied by IG-Score (Shariah Board, number of SB, doctoral qualification of SB and management risk) adopted by Sudaryati and Eskadewi (2012). ISR proxied by ISR Index that was adopted by Othman (2009) include: investment and finance, product and service, labour, social, environment, and organization. Maqashid Shariah proxied by Maqashid Shariah Index (MSI). This research used 10 samples of islamic bank listed on Indonesia Financial Services Authority (OJK) in period 2011 to 2014. Multiple regression has been used to examine the hypothetical research. Results of this research provide evidence that ICG negatively and significantly has no influence towards maqashid shariah, and ISR positively and significantly has an influence towards maqashid shariah. Simultaneously, this research provides evidence that the implementation of ICG and ISR on maqashid shariah.

Keywords: Islamic corporate governance, Islamic social responsibility and maqashid shariah

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1. Introduction

1.1. Background of research

The reasons underlying the implementation of Islamic corporate governance (ICG) and its implications on the performance of Islamic banks need to be made in line with the occurrence of a bankruptcy 'Ihlas Finance house', a financial institution of Islamic World, in Turkey in 2001, which by economists and Islamic finance is alleged to be as a result of weaknesses of internal and external mechanisms of firm governance [14]. Issues regarding corporate governance weaknesses in the sharia banking industry increasingly attracted the attention of economists and Islamic finance to find a solution. Volker

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(2003) and Asrori (2014) revealed two important weaknesses of corporate governance of Islamic banking. First, regarding sharia compliance, namely, the management of Islamic banks are not able to guarantee compliance with sharia on each product and banking services that are provided, both related to investment depositors protection, and management of Islamic banks are not able to guarantee the protection of financial risks to stakeholders, investors, depositors.

Researchers Grais and Pellegreni (2006), with respondents a number of Islamic banks in 16 countries including one in Indonesia, revealed the weakness of the internal mechanism of corporate governance of Islamic banking, especially those involving competence DPS and compliance adherence of sharia in operation and business, while the weakness of external mechanisms associated with ICG implementation of Sharia bank regulation is that it cannot be enforced effectively and implemented according to Islam.

Islamic Implementation of Corporate Governance (ICG) cannot be released by the Islamic Social Responsibility (ISR) because the two are of relevance. The principle of ICG itself based on the concept of corporate governance according to the NCG consists of Principles (Transparent, Accountability, Responsibility, independency and fairness) and in accordance with the principles of Islamic values is based on Al-Quran and As-Sunna. This means that one of the five principles of ICG, namely, responsibility, states that significant emphasis should be given to the stakeholder companies who must comply with the guidance of Islam, namely, the Qur'an and As-Sunna, while four other principles (namely, transparency, accountability, independence and fairness) give more emphasis to the shareholder in accordance with Islamic guidance.

Based on research conducted by the International Institute of Islamic Thought in 1996 indicated that Islamic banks do not fully carry out its social role in accordance with the demands of Islam. A total of 32 Islamic banks in the world are to prioritize economic goals compared with social goals with an indication that the economic criteria takes precedence over social criteria when evaluating investment opportunities [24]. Farook and Lanis (2005) argue that the economically more intensive form of Islamic banking structures rather than religious norms should be footing.

With the increase of the implementation of CSR in the context of Islam, the desire to make the reporting of social life, especially Islamic social reporting in companies or institutions based on sharia also increases. With the need for disclosure of social responsibility in the bank or institution of sharia, it is now referred as the Islamic Social Reporting (ISR). Social responsibility reporting is developed by using Islamic Sharia Social Reporting Index. Index ISR is a measure of the implementation of the social

performance of Islamic banking that contains a compilation of items of standard CSR set by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), which was then further developed by the researchers regarding the items of CSR that should be disclosed by an Islamic entity [27].

Islamic Social Reporting (ISR) Index was first proposed by Haniffa (2002) and later developed more extensively by Othman et al. (2009) in Malaysia. Haniffa (2002) revealed the limitations of conventional social reporting and put forward that the conceptual framework of Islamic Social Reporting under the provisions of sharia will not only help make decisions for the Muslims but also assist companies in fulfilling the obligations towards Allah SWT.

As a business entity, Islamic banks are not only required as an enterprise for sheer profit (high profitability), but they also have to run the function and purpose as an entity that is based on the concept of maqasid sharia (good shariah objectives). As intermediary institutions between the surplus funds and the shortage of funds, the role of Islamic banking is in channelling funds collected to the community, especially the real sector. The relationships of Islamic banks with their customers is more of a relationship between owners of capital and labour (managers) than of a debtor and creditor that exists in the conventional banking system [29].

Implementation of maqasid syariah by Islamic banking has become a concern according to some sharia economic researchers although the numbers are still limited. O.M. Mustafa (2008) through his research has made performance measurement of Islamic banking in the form Maqasid Shariah Index (SMI). Dusuki (2007) in his study explains that maqasid sharia and maslahah become an important component in implementing Corporate Social Responsibility (CSR) Islamic banking. Kuppusamy (2010) through his research tried to measure the performance of Islamic banking through the aspects of sharia (sharia-conformity) and the profitability of Islamic banks.

Based on these descriptions, the researchers analysed ICG and social responsibility towards maqashid sharia.

1.2. Problems of research

Based on the background, the formulation of research problems are as follows:

- i. How does ICG affect maqashid sharia?
- ii. How does ISR affect maqashid sharia?

1.3. Objective of research

Based on the formulation of the aforementioned problem, the purpose of this research is:

1. to analyse the effect of ICG towards maqashid sharia and
2. to analyse the effect of ISR towards maqashid sharia.

1.4. Benefits of research

1. As consideration for Islamic banking to further give full attention to governance in accordance with sharia (ICG).
2. As consideration for the Shariah Supervisory Board (DPS), management practitioners and business owners regarding the factors that need to be considered in carrying out corporate social responsibility (CSR) in accordance with Islamic principles.
3. Provides an alternative measurement to measure the performance of Islamic banking in not just a mere profit-oriented way but also against the implementation of Sharia maqashid. Moreover, it can be a matter of evaluation for the Islamic banking industry to identify the weaknesses and improve their performance.

2. Study Theory and Testing Hypotheses

2.1. Agency theory

According to Jensen and Meckling (1976), there are two forms of agency relationships, that is, between managers and shareholders (shareholders) and between managers and lenders (bondholders). Agency problem arises because of differences of interest between the principal and agent in an organization. Problems arising from the differences of interest between principal and agent called with agency problems with one of the causes being the existence of information asymmetry. Asymmetry of information is an imbalance between the information held by the owners and the management. The owners do not have enough information about the performance of management, while management has more information about the capacity of self, work environment, and the company as a whole.

2.2. Shari'a enterprise theory (SET)

This theory is used to understand the importance of CSR for stakeholders in the perspective of Islam. It states that stakeholders are not only man and nature, but also god. According to this theory, stakeholders include god, human beings (who are divided into direct and indirect stakeholder) and nature. Judging from the discussion pertaining to the stakeholder theory, it can be said SET complements conventional stakeholder theory. On the other hand, this theory also complement enterprise theory (ET), which explains that the accounting should serve not only the owner of the company, but also the community [16].

SET was developed by Triyuwono (2006) by improving the definition of the enterprise theory (ET) from the viewpoint of sharia. According to Triyuwono (2007), ET is more similar to the values of capitalism, while accounting sharia refers to ET. Therefore, in order to bring sharia accounting closer to his all-sharia, ET theory was further developed based on Islamic principles to be more relevant for accounting sharia.

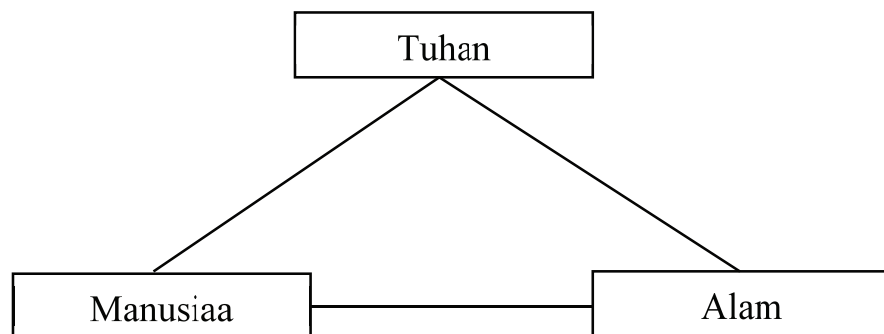


Figure 1: Stakeholder according to Shari'a Enterprise Theory (SET).

From Figure 1, it is implicit that SET does not put the human position as the centre of everything. Instead, SET puts god at the centre of everything. God be the centre point of the return of the creatures in the entire universe. Meanwhile, humans are just his representative (Deputy) while on earth to take care of all the natural resources as the provision of live and worship in the earth. As his words: "... Behold, I am about to make a vicegerent on earth..." (Al Baqarah, 2:30) and "and I do not create the jinn and mankind except to worship Me" (Adh Dzariyaat, 51:56). Then all the company's activities should be submissive and obedient to all the laws of god.

When associated with ICG and ISR, as has been stated earlier, one of the principles of ICG is that the responsibility is a form of social accountability, then SET considers that all the activities of the social enterprise is a form of compliance with company owners to the conviction to contribute to the good of all those in need.

2.3. Islamic corporate governance (ICG)

The ideal Islamic corporate governance is the one accordance with the principles of Islamic economics, developed using the stakeholder theory that accommodates the interests of all stakeholders of the company in a fair fashion (Iqbal and Mirakhor, 2004); it is based on sharia rules in accordance with the Islami right of ownership and contractual agreements (Lewis, 2005). Referring the aforementioned recommendation, further, Hasan (2008) developed a model of Islamic stakeholder corporate governance. He explained that the main organs of ICG is a shariah board (Sharia Council, which is responsible as an advisory board and supervisory sharia compliance), obliged to ensure compliance with the company's management to Islamic principles. The focus of attention of corporate governance is to meet compliance with the Islamic Sharia principles that bind all stakeholder parties in fulfilling obligations and acquiring rights to the company.

DPS is an independent body that was placed by the National Sharia Council (DSN) on Bank Syariah Business Unit Sharia and other Islamic financial institutions. DPS members shall consist of experts in the field of sharia muamalah, and who also have general knowledge in the field of banking. The requirements set by the DPS member DSN (Arifin, 2003: 115). In Indonesia, the DSN itself is a part of the Indonesian Ulema Council (MUI), which serves to develop the application of the values of sharia in economic activity in general and the financial sector in particular, including the business of banking, insurance and mutual funds. The authority of the DSN itself is issuing a fatwa on the types of activities, products and Islamic financial services as well as overseeing the implementation of the fatwa by the Islamic financial institutions in Indonesia through DPS (Arifin, 2003: 116).

2.4. Islamic social responsibility (ISR)

ICSR-related theory study can be referred first to the study made by Haniffa (2002). His research resulted in a framework of CSR called Islamic Social Reporting Disclosure (ISR). The framework was developed based on the principle of monotheism, sharia law and ethics. Subsequent research was conducted by Othman et al. (2009) to develop a framework for the ISR that was created by Haniffa (2002) previously. As a result, Othman et al. (2009) add governance themes in the previous frame, so that the ISR framework that he developed consists of six themes, namely: finance and investment themes, products and services, employees, society, environment and governance.

2.5. Maqashid Syariah

In language, Maqasid al-Sharia consists of two words, that is, maqasyid and shari'ah. Maqasid is the plural of maqshud meaning purpose and sharia means the path to the source. Simply put, maqashd al-Sharia means that the purpose of the law is prescribed in Islam. Imam Ghozali, a highly respected scholar of Islam, gives the purpose of sharia as follows [9, 11]: The main purpose of Sharia is to promote human welfare, which lies in the protection of the faith (din), soul (nafs), intellect (aql), descent (nasl) and property (maal).

Implementation of maqasid syariah by Islamic banking has become a concern to some economic sharia researchers, although the numbers are still limited. O.M. Mustafa, (2008) through his research has made performance measurement maqasid of Islamic banking in the form of Maqasid Shariah Index (SMI). Maqasid sharia measured in this study is based on the concept of maqasid syariah described by Muhammad Abu Zahrah (1958) in his book *Usul Fiqh*, explaining the concept of maqasid syariah more broadly and generally, that there are three objectives of the existence of Islamic law, namely: Tahzib al-Fardi (educating human), Iqamah Al adl (upholding justice) and Jalb Maslahah (public interest) as measured by several parameters based on the three aspects.

Reasearchers Omar and Dzuljastri (2009) related maqasid syariah index (MSI) showed that sharia maqashid approach can become a strategic alternative approach to describe how good the performance of the national banking system are and so that it can be implemented in the form of a comprehensive policy strategy.

2.6. Relevant results

2.6.1. Implementation of ICG and maqashid sharia

Safiadine (2009) researched regarding good corporate governance on the performance of Islamic banking company operating in desert regions of Saudi Arabia, Kuwait, Qatar, Bahrain and the United Arab Emirates. The results suggest the practice of good corporate governance has a positive effect on increasing the performance of Islamic banking. It suggests that Islamic banks to index its corporate governance in the high category, significantly operate more efficiently and can therefore achieve sales growth rate and the highest profit and vice versa.

Darmadi (2011) researched with the title of corporate governance disclosure in the annual report: An exploratory study on Indonesian Islamic banks. Darmadi's measuring mechanism of Corporate Governance Disclosure Index (CGDI) is the DPS, the board of directors, board committees, internal control and external audit, and risk management. Research results show that Bank Muamalat and Islamic Bank has been applying the CGDI more compared to the other banks in Indonesia. His research also concluded that the overall application of the CGDI is still quite weak.

Ade dan Jumansyah's (2013) research results showed that GCG implementation of Shariah Good Governance Business fluctuated from year to year. The achievement of maqashid Muammalat Shariah by Bank Indonesia and Bank Syariah Mandiri in Indonesia in the period 2009–2011, in general, looks pretty good, although still very volatile. On the third dimension, maqashid achievement of syariah sees that gains are generally not stable. It also indicates that the achievement of GGBS practices by both the Islamic Banks, which is relatively excellent in the period 2009–2011, which is above 75 percent, is not a direct impact on the achievement of complete and stable syariah maqashid.

Asrori's (2014) researched on the title of 'Islamic Implementation of Corporate Governance and Performance Implications Islamic Bank'. The results showed that the implementation of ICG duties and responsibilities of the Sharia Supervisory Board (DPS) has a positive effect on the performance of Islamic banks, measured by the ratio of Islamic financial conformity financing for the results and zakat, but does not affect the Islamic income ratio, return on investment, return on equity and profit margin.

2.6.2. Implementation of ISR and maqashid sharia

Haniffa (2002) researched on the title 'Social Reporting Disclosure: An Islamic Perspective'; from the research, Haniffa built a theory and not just empirically examined the influence of ISR disclosures. Islamic Social Reporting (ISR) consists of five themes: (1) finance and investment, (2) products, (3) employees, (4) community and (5) the environment. Othman (2009) researched on the title 'Determinants of Islamic Social Reporting Among Top Shariah-Approved Companies in the Bursa Malaysia' using a sample of top 100 companies, not banking; the research results show that the size, profitability and the composition of the board affect the disclosure of the ICSR, while the type of industry does not affect.

The research result of Dwi Fitria (2010) showed that the scores of Islamic banking CSR disclosure GRI version are higher than the disclosure of ISR version, meaning

that Islamic banking is not present disclosure should CSR Islamic identity that distinguishes from conventional banks. Khursid et al. (2014) conducted research with the title of 'Islamic Developing Model of Corporate Social Responsibility (ICSR)'; the results of the research developed the theory of CSR. Carroll (1979). The result ICSR dimensional model of Islamic economics, Islamic legal, ethical Islam and Islamic philanthropy. Arshad et al (2012) conducted research with the title 'Islamic Corporate Social Responsibility, Corporate Reputation and Performance with samples of Islamic banking in Malaysia'; the research results show ICSR's partial effect on reputation, ROA and ROE of the company, in which the size of the company is used as a variable control.

Afrinaldi (2013) conducted a study that measures the performance of Islamic banking in Indonesia with maqashid approach syariah index (SMI) and profitability results showed that the measurement of performance in Indonesia can be done with a model of SMI. Omar and Dzuljastri's research (2009) shows that Islamic banks should prioritize performance measurement in accordance with the shariah that is maqashid sharia.

Dusuki (2007) has conducted research with the title 'Maqasid al-Shariah, Maslahah and Corporate Social Responsibility'; the research results show that the maqasid sharia and concepts maslahah become an important component in implementing Islamic CSR banking. Kuppusamy (2010) through his research tried to measure the performance of Islamic banking through the aspects of sharia (sharia-conformity) and the profitability of Islamic banks.

2.7. Hypothesis

Based on the foundation of the theory and the aforementioned conceptual framework, the hypothesis of this study are as follows:

H1: ICG's effect towards maqashid sharia

H2: ISR's effect towards maqashid sharia

3. Method

3.1. Place and time research

This study aims to analyse the causal relationship used to explain the influence of Islamic ICG and social responsibility with the approach of maqashid sharia. The company's research population is Islamic banking in Indonesia in 2011–2014.

3.2. Research method

This is a quantitative research using financial data of Islamic General Bank in Indonesia. The population of this research is the Islamic General Bank in Indonesia from years 2011 to 2014. A sample of this research is determined by the method of purposive sampling with the criteria as follows:

1. Islamic General Bank that is consistence in operating between 2011 and 2014
2. Islamic General Bank that publishes the annual report between 2011 and 2014
3. Presents data regarding the researcher's needs

Multiple *regression analysis* tests the influence of the independent variable against the dependent variables. This analysis is used to test the hypothesis with regression equation as follows:

$$MSI = \beta_0 + \beta_1 ICG + \beta_2 ISR + \varepsilon,$$

where:

MSI = Maqashid Syariah Index Omar dan Dzuljastri (2009)

ICG = Islamic Corporate Governance Sudaryati dan Yunita (2012)

ISR = Islamic Social Responsibility Othman et al. (2009)

3.3. Population and sample

The population in this study is the Islamic Banks listed on the FSA period from 2011 to 2014. The method of selecting samples in this study is a research method non-probability samples, with purposive sampling approach, which means that the population sampled in this research was the population that met the criteria for certain samples in accordance with the desired researchers. The criteria used to select the sample as follows:

1. Islamic Banks listed on the FSA in the 2011–2014 period.
2. The company provides information on implementation of CSR in the annual report 2011–2014.
3. The company reported annual report 2011–2014, which can be accessed through the website of Indonesia Stock Exchange (www.idx.co.id). That is, the information contained in the annual report is accessible.
4. The company has a complete data relating to the variables studied.

3.4. Data collection techniques

The data used in this research is secondary data drawn from the annual reports of Islamic Banks listed on the FSA in 2011 until 2014. This secondary data is the data that has been processed by the company and has been published in the form of financial statements, or in other words, the data is not directly taken from the company concerned and is obtained from agencies (agencies) related, namely, Indonesia Stock Exchange and are available by downloading on the site www.idx.co.id. Besides the literature was conducted to search for and collect the information; such as books, articles, journals and data from the Internet.

3.5. Data analysis techniques

Methods of data analysis in this research is to use statistical calculation, namely, the application of SPSS. Once the required data was collected in this study, we then performed the data analysis consisting of descriptive statistical methods, the classic assumption test and the hypothesis testing.

4. Result and Discussion

This research population is the Islamic banking in Indonesia from 2011 to 2014 period. The sample of Islamic General bank that was taken using the purposive sampling method. Based on the method, obtained 10 Islamic General Bank in four years, so that the total is 40.

From the 12 Islamic banks, 10 banks were taken as samples. Samples are entities that regularly publishes annual report for the period 2011–2014, published and publicly accessible. In this study, the company's annual report is used as a material to be analysed by researchers.

4.1. Coefficient determination

Coefficient determination test is done to measure the ability of independent variables, are ICG and ISR explain dependent variable are Maqashid Syariah Index (MSI) than Return on Assets (ROA). The result of coefficient determination test can be seen in Table 2.

TABLE 1: Bank Umum Syariah yang terdaftar di OJK (Sharia Commercial Banks registered with OJK).

No.	Bank Name	Tahun Berdiri (Year of Establishment)	Kode (Code)
1	Bank Muamalat Indonesia	1992	BMI
2	Bank Syariah Mandiri	1999	BSM
3	Bank Mega Syariah	2004	BMS
4	Bank Rakyat Indonesia Syariah	2008	BRIS
5	Bank Bukopin Syariah	2008	BSB
6	Panin Bank Syariah	2009	PBS
7	Bank Central Asia Syariah	2010	BCAS
8	Bank Negara Indonesia Syariah	2010	BNIS
9	Bank Jabar Banten Syariah	2010	BJBS
10	Bank Victoria Syariah	2010	BVS
11	Maybank Syariah Indonesia	2010	MSI
12	Bank Tabungan Pensiun Negara Syariah	2014	BTPNS

Source: Data sekunder yang diolah (secondary data processed)

TABLE 2: Coefficient determination result with MSI.

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,496 ^a	0,246	0,205	0,0270568
a. Predictors: (Constant), ISR, ICG				
b. Dependent variable: MSI				

Based on the statistics result, it is obtained the value of Adjusted R Square is 0,205. The coefficient shows that 20.5percent variation of maqashid syariah index (MSI) can be explained by ICG than ISR. While 79.5 percent (100-20.5%) is explained by other variables which have not been examined.

4.2. Hypothesis testing

Hypothesis testing in this research is done using multiple regression *t*-test and *F*-test as follows:

i. *t*-statistic test resultTABLE 3: Regression results of *t*-test with MSI.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	<i>t</i>	Sig.
		B	Std. Error	Beta		
1	(Constant)	0,217	0,028		7,623	0,000
	ICG	-,039	0,036	-,179	-1,099	0,279
	ISR	0,137	0,040	0,556	3,420	0,002

a. Dependent variable: MSI

Based on Table 3, the regression equation model is as follows:

$$MSI = 0.217 - 0.039 \text{ ICG} + 0.137 \text{ ISR},$$

where:

MSI = Maqashid Syariah Index

ICG = Islamic Corporate Governance

ISR = Islamic Social Responsibility

4.2.1. Testing hypothesis 1: Influence of ICG towards MSI

The first hypothesis examined the influence ICG towards Maqashid Syariah Index (MSI). Based on Table 2, ICG variable shows *t*-value−1,099 with significance level probability 0,279. Significant level more than 0,05 means ICG negatively influence and is not significant towards MSI and the hypothesis is thus rejected.

This research is inconsistent with Muttakin dan Ullah (2012), Asrori (2014), Mollah dan Zaman (2015) dan Kholid dan Bachtiar (2015) who proved that the more higher the ICG disclosure, the more higher the Maqashid Syariah Index (MSI). Financial performance of Islamic bank based on maqasid syariah is a process to determine if Islamic banks can achieve their goal of Islamic bank according maqashid syariah, *dari maqashid syariah*. Financial performance have direct relationship with the goals, so performance achievement indicators are based on the goals. Mohammed, Razak dan Taib (2008) used maqasid syariah classification based on Abu Zaharah (1997), i.e., (1) Tahdhib al-Fard (individual educative); (2) Iqamah Al-adl (justice), dan; (3) Jaib al-Maslahah (increase welfare).

This research consistent with Jumansyah dan Ade's (2013) proved that GCG with *Good Governance Business Shariah* of implementation didn't directly affect the *complete and stable Maqashid Shariah achievement*. It means ICG which proxied by advisory shariah board, number of advisory shariah board, qualification and skill of advisory shariah board and management risk is not able to increase Islamic bank performance that is measured by Maqashid Syariah Index (MSI).

4.2.2. Testing hypothesis 2: Influence of ISR towards MSI

The second hypothesis examined the influence of ISR towards Maqashid Syariah Index (MSI). Based on Table 2, ISR variable shows t -value $-3,420$ with significance level probability $0,002$. Significant level less than $0,05$ means that ISR positively influences and is significant towards MSI, and hence, hypothesis 2 is accepted.

This research consistent with Dusuki (2007) and Kuppusamy (2010) proved the ISR's influence towards Maqashid Syariah Index. Dusuki (2007) shows that *maqasid syariah and maslahah concepts are essential components of implementing Corporate Social Responsibility (CSR) in Islamic banking*. Kuppusamy (2010) tried to measure Islamic banking performance with *sharia conformity*.

It means the higher the implementation of Islamic Corporate Social Responsibility (ISR) with measured by score 1 and 0 according to few items which consist investment and finance, service and product, labour, social, environment and corporate governance so the financial performance, the more higher based on Maqashid Syariah Index (MSI) measurement. Maqashid Syariah Index (MSI) is a performance measurement model of Islamic banking which is suitable with goal and characteristic of Islamic banking. MSI developed with three primary factors, for instance education, justice and welfare achievement that is universal.

4.2.3. F-statistics test results

F -statistical test is used to determine the effect of all independent variables in the regression model simultaneously or together with dependent variable being tested at a significant level of 0.05 . If the probability is less than 0.05 F , so H_a is accepted and H_o rejected, whereas if it is greater than 0.05 , then H_o is accepted and H_a refused. Table 4 shows the results of F -statistical tests.

According to Table 4, significant test results were obtained; variable (X) can significantly affect the dependent variable test results or ANOVA F test can be calculated

TABLE 4: Hasil Uji Statistik F dengan MSI (Statistical Test Results with MSI).

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0,009	2	0,004	6,034	,005 ^b
	Residual	0,027	37	0,001		
	Total	0,036	39			
a. Dependent variable: MSI						
b. Predictors: (Constant), ISR, ICG						

at 6,034 with probability 0.005. The probability is significantly smaller than the limit value ($\alpha = 0,05$), the regression model states that the independent variables ISR and ICG jointly affect the MSI, and hence the variable ISR and ICG can be used together.

5. Conclusion

This study aims to determine the implementation of Islamic ICG and social responsibility of the financial performance review by maqashid sharia and Profitability. The test results and the discussion in the previous sections can be summarized as follows:

1. ICG has no significant negative effect on the maqasid syariah index. The results of this study are consistent with research of Ade dan Jumansyah (2013), which showed that GCG implementation of Good Governance Business Syariah has not been a direct impact on the achievement of complete and stable Syariah maqashid.
2. ISR has a positive and significant impact on sharia maqashid index. The results of this study are consistent with Dusuki (2007) and Kuppusamy (2010) that shows that the ISR maqasid affect the Syariah Index. Results of Dusuki's (2007) study showed that the maqasid sharia and concepts of maslahah become an important component in implementing CSR Islamic banking.
3. ICG which proxied by advisory shariah board, number of advisory shariah board, qualification and skill of advisory shariah board and management risk is unable to increase Islamic bank performance that is measured by Maqashid Syariah Index (MSI).

4. The higher of Islamic Corporate Social Responsibility (ISR) with measured by score 1 and 0 according few items which consist investment and finance, service and product, labour, social, environment and corporate governance can increase Maqashid Syariah Index (MSI) measurement. Maqashid Syariah Index (MSI) is performance measurement model of Islamic banking which is suitable with goal and characteristic of Islamic banking. MSI developed with three primary factors, for instance, education, justice and welfare achievement which is universal.
5. The result of research provides an alternative measurement to measure the performance of Islamic banking is not just a mere profit-oriented but also against the implementation of maqashid sharia.

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