

Supervisors Sharia Board Toward Financial Performance Sharia in Salatiga

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ABSTRACT

Objective of this study is test Board Supervisor Sharia affects the performance of Islamic financial institutions. supervisory Board Sharia in this study are: Size of the Sharia Supervisory Board, Total Meeting of the Sharia Supervisory Board, Attendance of the Sharia Supervisory Board in meetings, Background Behind Education Board Supervisor Sharia and Proportion Women on the Sharia Supervisory Board. Performance of Islamic financial institutions on this research refer to performance maqashid sharia. This research was conducted on 10 Islamic banks listed on the Exchange Indonesian Securities as a sample with the 2011-2015 research period. Testing influence Board Supervisor Sharia on performance institution finance sharia with use regression double. The results of the study show that the size of the Sharia Supervisory Board, Educational Background of the Sharia Supervisory Board and Proportion of Women on Board Supervisor Sharia influential on performance institution finance sharia in matter This performance maqashid sharia

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1. INTRODUCTION

The purpose of this research is to examine the effect of the characteristics of the board Supervisor Sharia on performance institution finance sharia. Performance institution finance sharia Which meant in study This use index maqashid sharia. Performance in this study does not refer to financial performance banking sharia. Institution finance sharia Which meant in study This is bank sharia Which refers on location Salatiga. Because difficulty get the data, the researcher, with the approval of the consultant, uses a bank sharia which exists in Indonesia.

According to Achmad Buchori, Head of the Ooritas Sharia Banking Department Financial Services (OJK), the performance of the Islamic banking industry in 2014 is the lowest compared to the previous year, based on problem consolidation bank sharia And necessity adjustment financing to Value okezone.com, 2015). In addition to financial performance, *Stakeholders* also pay attention information relation with performance maqashid sharia For bank sharia.

Implementation of sharia maqashid by Islamic financial institutions has become the attention of some sharia economic researchers. This is driven by a phenomenon No the sharia bank sharia like case Bank Sharia Independent And bni Shariain 2002 (republikaonline, 2002). Financial Services Authority and the scholars Shari'ah economy must carry out purification (purification) of sharia principles within sharia banking practice. According to Muhammed, Razak, and Taib (2008)

objectives Islamic banks are more appropriate if they are derived from Islamic maqashid. bank operations sharia must in accordance with sharia Islam Which in accordance with maqashid Sharia.

Achievement maqashid sharia seen from three dimensions, namely: *tahdhib al-fard* (individual education), *iqamah al-adl* (creation of justice), and *jalb al-maslahah* (achievement of public interest). This is also supported by Hameed's statement (2004) which states that Islamic banks must be able to provide benefits that are optimal on public And certainty whole activity Which run by banksharia already appropriate with Islamic sharia.

According to Al Ghozali in Chapra (2011) the purpose of sharia is to promoting human well-being, which lies in the protection of security, soul, mind, lineage, and property. The protection of these five things is by:serve the public interest and whatever harm these five things is against the public interest. Omar (2008) formulates measurements for measuring the performance of sharia banking based on maqashid sharia. Measurement This performance is not only on the financial aspect but also includes the values of banking Which reflect benefit non profit Which in accordance with objective banksharia. The measurement proposed by Omar (2008) is called Shariah Maqashid Index.

Purification of sharia principles in sharia banking is the responsibility Sharia Supervisory Board (DPS) at each Islamic bank. This is appropriate with not quite enough answer Board Supervisor Sharia according to Regulation Bank Indonesia Number 11/33/2009 Article 47 which states that the tasks and the responsibility of the Sharia Supervisory Board is to provide advice and suggestions to Directors as well as supervise activity Bank so that in accordance with Principle Sharia. Implementation of the duties and responsibilities of the Sharia Supervisory Board as follows meant on paragraph (1) covers between other:

- a. Evaluate And ensure fulfillment Principle Sharia on guidelines operational and products issued Bank;
- b. Supervise process development product new Bank so that in accordance with fatwa Board National Sharia - Ulama Council Indonesia;
- c. Request fatwa to Board Sharia National -Assembly Cleric Indonesia for products new Banks Which Not yet There is the fatwa;
- d. Do reviews in a manner periodically on fulfillment principle sharia on the mechanisms for raising funds and channeling funds as well service service Bank; And
- e. Request data and information related to sharia aspects from the unit Work Deep banks framework performance of their duties.

According to Novilia (2016) maqashid sharia index in Indonesia in 2010-2014 experience fluctuation. Matter This can seen on Table 1. following This:

Table 1. Maqashid Syariah Performance Index of Bank Syariah Indonesia Year 2010-2014

Bank	2010	2011	2012	2013	2014
Bank Muamalat Indonesia	0.116	0.110	0.114	0.127	0.127
Bank Sharia Independent	0.096	0.073	0.063	0.059	0.057
Bank Mega Sharia	0.017	0.009	0.007	0.007	0.002
Bank Sharia Bukopin	0.081	0.080	0.077	0.081	0.095
Bank Panin Sharia	0.251	0.112	0.122	0.129	0.217
Bank Country Indonesia Sharia	0.057	0.057	0.053	0.051	0.051
Bank People Indonesia Sharia	0.252	0.105	0.024	0.103	0.121
Bank Central Asia Sharia	0.085	0.071	0.067	0.072	0.079

Source: Novilia (2016)

Based on the table 1, it can be seen that the value of maqashid sharia the index tends to decrease. This happened to all the banks became the sample in Noviana's research (2016) with the 2010-2014 period. Matter This suspected Because implementation draft *corporate governance* through Board Supervisor Sharia And structure as well as mechanism *corporate governance* Which Not yet optimal. A number of study before in Indonesia hook between *corporate governance* and performance, especially financial performance and market performance company (Rachmad, 2012; Yulianawati, 2014; sustainable, 2015; Tertius And Christian, 2015; and Prasojo, 2015). The results of these studies show that implementation *corporate governance* give contribution on achievement performance company in general. issues implementation *corporate governance* also .happen in

various country proceed like English, US, German, France, Russia, australia, And Italy. Based on phenomenon the so study about the influence of the Sharia Supervisory Board and maqashid performance sharia important index to do. This is in line with the expectations of *Global Islamic Financial Report* (2011) that Indonesia is country Which predicted will was ranked first in the development of the Islamic financial industry to front. Meanwhile in 2011 Indonesia was ranked fourth after Iran, Malaysia, and Saudi Arabia in developing the financial industry sharia based on the number of Islamic banks, the number of institutions non-bank finance sharia, asset sharia finance (Alamsyah, 2012).

According to the Financial Services Authority (2014) in Tertius and Christiawan (2015) for can increase performance company so needed something system management Which Good, Which capable give protection effective to parashareholders, so they can be sure that they will acquire reasonable and high-value investment returns, besides that you also have to get ensure the fulfillment of the interests of employees and the company itself. Efforts supervision of companies in the financial sector can be realized by exists implementation practice system manage company or *good corporate governance* (GCG). Supervision to GCG Which applied in in company expected can increase performance company Good in a manner financial and operational, so that Indonesia can have a financial system fundamentally healthy and sustainable (Tertius and Christiawan, 2015).

Characteristics Board Supervisor Sharia as Wrong One structure *corporate governance* in this study refers to the size of the Supervisory Board Sharia, number of *meetings* of the Sharia Supervisory Board, *attendance* of the Supervisory Board sharia, background behind education Board Supervisor sharia, And proportion Woman on supervisory Board Sharia.

2. RESEARCH METHOD

This research is a quantitative research. In this study, the dependent variable is the performance of maqashid syariah which is influenced by the independent variable Sharia, the size of the Sharia supervisory board, the number of meetings of the Sharia supervisory board, the attendance of the Sharia Supervisory Board, educational background of the Sharia supervisory board, the proportion of women on the Sharia supervisory board. Technique analysis For test influence variable characteristics Board Sharia Supervisor on maqasid performance sharia using multiple regression analysis.

Hypotesis in this study:

H 1 : The size of the Sharia Supervisory Board has a positive effect on performance maqasid sharia

H 2 : The number of meetings of the Sharia Supervisory Board has a positive effect on performance maqasid sharia

H3 : Attendance Board Supervisor Sharia positive effect to performance maqasid sharia.

H 4 : The educational background of the Sharia Supervisory Board has a positive effect on the performance of sharia maqasid.

H5 : The proportion of women on the Sharia *Supervisory Board has a positive effect on the performance of sharia maqasid.*

3. RESULTS AND DISCUSSION

3.1 Statistical Test

a. F-statistics test

Test ANOVA or F test on table produce mark F count 21,871 with probability level of significance 0.000. The probability of significance is much smaller than 0.05, then the model can be used to predict Institutional Performance variables Finance sharia, or can said that variable size DPS, amount *meetings* DPS, *attendance* DPS, background behind education DPS, And proportion Woman on DPS got predict performance institution finance sharia.

b. T-Statistics Test

Table 2. Results Testing hypothesis

Variables	coefficient	Prob
Constant Size DPS	1,543	0.402
Amount <i>Meetings</i> DPS	0.413	0.020**)
<i>Attendance</i> DPS	0.872	0.156
Background Behind Education DPSProportion of DPS Women	0.511	0.231
adjusted R-squared	0.906	0.015**)
F-statistics	0811	0.075*)
	0.308	
	21,871	0.000***)

***) : significant on $\alpha = 1\%$

**) : significant on $\alpha = 5\%$

*) : significant on $\alpha = 10\%$

Size Board Supervisor Sharia with mark coefficient 0.413 (positive) Andsignificance 0.020 show that size Board Supervisor Shariasignificant positive effect on the performance of maqasid sharia. Significance values smaller than 0.05 so it is significant. The results of this study support Hi. Matter this means the greater the size of the Sharia Supervisory Board in accordance with Regulation Bank Indonesia so will the more Good function monitoring And supervision on sharia compliance of sharia banks. The results of this study are in line with Guo and Yeh (2009) who found that there is a positive relationship between sizes Board of Commissioners on firm value as measured by Tobin's q. This matter open up the possibility that the many boards of commissioners cause more effective because when the large size of the Board of Commissioners causes the more Lots idea Which Good Which can applied direct as well as controlling in company management. Guo and Yeh (2009) were used as reference Because position Board Supervisor Sharia parallel with Board of Commissioners and equally as part from implementation *corporate governance* company.

Number of *meetings* of the Sharia Supervisory Board with a coefficient value of 0.872 (positive) And significance 0, 156 show that amount *meetings* Board Sharia supervisors have no significant positive effect on maqasid performance sharia. Mark significance more big from 0.05 so that No significant. Results this study does not support H. This suggests that the Supervisory Board Sharia is not very frequent do *meetings* because of the monitoring function and supervision on sharia practices more on banking products so far. Real operational applications in the field may not have received much attention Serious. This can be seen from the data on the average number of *meetings* of the Supervisory Board Sharia on banking sharia which become sample in study This.

Attendance Board Supervisor Sharia with mark coefficient 0.511 (positive) and a significance of 0.231 indicates that the number of *attendance* of the Supervisory Board Sharia No influential positive significant to performance maqasid sharia. Marks significance more big from 0.05 so that No significant. Results study This Nosupport hg. This can be caused by attendance at the *meeting* meant in this research is not just absent but actively participating, active give comment, And active give suggestion on problem Which is being discussed. This liveliness is not seen in the bank's annual *governance report* sharia. Disclosure information only on presence just but No explained on how each member of the Sharia Supervisory Board performs their duties at the meeting. Studies in this field often assume that performance company mainly determined by the characteristics of the board, do not need to understand how and what process the Board is working on as a performance booster Directors, and it is sufficient to infer by examining the characteristics of the Board alone (Pfeffer, 1983).

The Board's work process in general refers primarily to activities taking decision board (Zahra Pearce, 1989). Anderson And Anthony (1988) record that process work Board related with discussion on issue important and corporate issues, so that decisions can be reached and supported in a manner intact. Dulewicz, MacMillan And Herbert (1995) state process the Council's work as an organizer and activity of carrying out what need done for the purpose council can achieved.

Results study This different with Adams And Ferreira (2009) Which states that the frequency of attendance at meetings is one way the board obtains important information and performs its duties in monitoring. Level presence boards Which tall in meeting show process *governance* e. the better because the monitoring becomes more thorough. The same is expressed by Azim et al. (2009) and Vafeas (1999).

Background behind education Board Supervisor Sharia with mark coefficient 0.906 (positive) and significance 0.015 show that background behind education Board Supervisor Sharia influential positive significant to performance maqasid sharia. Mark significance more small from 0.05 so that significant. The results of this study support H_±. Members of the Board of Commissioners who have background education background in economics and business is sufficient to provide a more role big compared Member Board Commissioner other in push enhancement performance.

In addition to the above reasons why educational background influence on performance because even though in Indonesia the position of the Council Sharia Supervisors are not as strong as the Board of Commissioners in Continental Europe ie Board Supervisor Sharia No authorized lift And dismiss Board of Directors, so that the Board of Directors does not have to be accountable to Sharia Supervisory Board (PBI 2009) but the educational background of the Board Supervisor Sharia that is sharia muamalah, banking And finance acknowledged contribute to the monitoring of sharia bank products. That position parallel does not result in the implementation of the control function to run less effective, because the Board of Commissioners is often considered by the Board of Directors as partners, not as supervisors. This proved not to be obstacle in implementation cg on company in Indonesia.

The proportion of women on the Sharia Supervisory Board with a coefficient value 0.009 (positive) and a significance of 0.075 indicates that the number of Board *meetings* Sharia Supervisor has a significant positive effect on the quality of disclosure company report. The significance value is less than 0.10 so it is significant. The results of this study support H_g. The results of this study can be caused by women who are members of the Sharia Supervisory Board based on profile in each bank are women who are mature and mature mature and have a lot of experience. It supports them in carry out its functions as a member of the Sharia Supervisory Board. Although proportion of women as a member Board Supervisor Sharia small However can contribute to the performance of maqashid sharia. This can be caused also by characteristic woman Which more thorough And details in face problem. The results of this study do not support the results of previous studies by Farrell and Hersch (2005) in US and Wicaksana (2010) in Indonesia.

The results of this study support the results of research conducted by Smith, Smith, and Verner (2006) in Denmark, Bathula (2008) in New Zealand, Campbell and Vera (2009) in Spain, Lukerath Rovers (2011) in the Netherlands, who found the effect of the proportion of women on the board on company performance. The difference in the results of this study can be caused by regulations in force in each country and the sample that is the object study.

4. CONCLUSION

Based on results testing hypothesis, can concluded that: The size of the Sharia Supervisory Board has a significant positive effect on performance maqasid sharia. The implication is that the Financial Services Authority pays attention size Board Sharia Supervisor on each bank sharia. The number of meetings of the Sharia Supervisory Board has no significant positive effect on the performance of maqasid sharia. The implication is that rules are made about disclosure meeting of the Sharia Supervisory Board about what was done And not only on amount just by Authority Service Finance. Attendance Board Supervisor Sharia No influential positive significant on performance maqasid sharia. The implication is Authority Service Finance make regulation about presence member Board Supervisor Sharia on meeting Board Sharia Supervisory more details. Background Behind Education Board Supervisor Sharia influential positive significant on performance maqasid sharia. Authority Service Finance pay attention to the fit and proper test requirements to become a member of the Supervisory Board Sharia. Proportion Woman on Board Supervisor Sharia influential positive significantly on the performance of maqasid sharia. Financial Services Authority make rules regarding the proportion of women in members of the Sharia Supervisory Board in bank sharia.

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