

For enquiries regarding this letter  
please contact: Priscilla Pratap  
Phone: (07) 373 54062  
Email: [appointments@griffith.edu.au](mailto:appointments@griffith.edu.au)

Office of Human Resource  
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**PRIVATE AND CONFIDENTIAL**

31 August 2015

Mr Firman Menne  
Komp Perumdos 45 No 37  
J1 Moha Antang Makassar South Sulawesi  
INDONESIA

Dear Mr Menne

I refer to Griffith University's letter offering you a position as Visiting Fellow in the Department of Accounting, Finance and Economics for the period 17 September 2015 to 21 December 2015.

During the duration of the appointment, you will observe or participate in an Australian research project and will undertake the following activities:

- Work on research projects with Dr Lanita Winata.
- Initiation into practices of working in a PC2 lab in Australia.
- Training and review of experimental procedures and methods for cell culturing, cell functioning assays

Griffith University agrees to support your 402 visa application and acknowledges the University's sponsorship obligations to include any secondary dependant applicants for the duration of your visiting appointment.

Primary applicant details:

Name: Firman Menne  
DOB: 4 January 1973  
Passport No:A 3949479

Griffith University's sponsorship details are set out below:

- Client Name: Griffith University
- Sponsorship Application ID: 2010579469

Should you require further information or assistance, please contact me on telephone number (07) 373 54062 or via email: [appointments@griffith.edu.au](mailto:appointments@griffith.edu.au)

Yours sincerely



Priscilla Pratap  
Human Resource Officer

For enquiries regarding this letter  
Please contact: Mr Wayne Beech  
Telephone: +61 (0)7 373 57360  
Email: [appointments@griffith.edu.au](mailto:appointments@griffith.edu.au)

Reference Number: 495015/PP  
Griffith ID: 2977482

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**PRIVATE AND CONFIDENTIAL**

27 August 2015

Mr Firman Menne  
Komp Perumdos 45 No 37  
J1 Moha Antang Makassar South Sulawesi  
INDONESIA

Dear Mr Menne

I write to offer you an appointment as Visiting Fellow in the Department of Accounting, Finance and Economics. Your appointment is made on the recommendation of the Head of the Department, Professor Fabrizio Carmignani. The appointment commences on 17 September 2015 and will conclude 21 December 2015.

Visitors play an important role in the research, teaching and learning, and service of the University. If you have not already done so, can I encourage you to explore with your academic colleagues the different ways you can participate in the life and work of the University community. Some of the activities undertaken by our Visitors include occasional teaching in guest lectures and seminars, engagement in research partnerships between the University and other organisations, mentoring students, and advising on the development of research programs or courses and programs. I am certain you will find your Visiting appointment offers many mutually stimulating and rewarding opportunities to engage with staff and students.

Your Visiting appointment is separate from any remunerated work you may undertake for the University. The latter would be subject to a separate contract of employment.

Please note this offer of appointment is subject to you meeting Australian Immigration requirements. I would suggest that you contact the Immigration officer at the nearest Australian Consulate who will assist you with your application for an appropriate visa.

As a visitor to Australia you are not eligible to join the Australian Government funded Medicare Scheme nor are you covered under local Workers Compensation legislation. You will be required to ensure that you have adequate personal medical and hospital health insurance prior to arriving in Australia and for the entire duration of your time in Australia.

Please check with your own University to see if you are covered under their insurance policies, in particular employment insurance as during your period of stay at Griffith University you have no cover under Griffith University insurance policies.

You are expected to conduct your duties as a Visiting Fellow in accordance with the University's Code of Conduct and policies and procedures. The Code of Conduct is found on the University's website at the following address: <http://www.griffith.edu.au/future-staff/benefits-conditions>

I hope after reading this information, you decide to accept this appointment.

Welcome to Griffith and I hope you enjoy your engagement with the University.

Yours sincerely

A handwritten signature in black ink, appearing to read 'W Ryan', with a horizontal line underneath.

For William Ryan  
Director, Human Resource Management

16 April 2015

**NAME: FIRMAN MENNE, SE, M.SI, AK, CA**  
**ORGANISATION: Institute of Indonesia Chartered Accountants**  
**CITY: Makassar**  
**UNIVERSITY: Universitas Hasanuddin, Makassar, Republic of Indonesia**

Dear Firman,

**Re: LETTER OF OFFER - INVITE TO GRIFFITH UNIVERSITY for  
4 MONTHS PHD SANDWHICH PROGRAM ONLY - DATES OF PROGRAM: September – December 2015**

PASSPORT: A.3949479  
HOME ADDRESS: Komp. Perumdos 45 No. 37,  
Jl. Moha Lasuloro Antang Makassar,  
South Sulawesi-Indonesia  
EMAIL: [firman@univ45.ac.id](mailto:firman@univ45.ac.id), [firman\\_u45@yahoo.com](mailto:firman_u45@yahoo.com)  
CELL: (+62)81342730079

**TITLE: Quality of Financial Information of Islamic Banking System: the Influence of Spiritual Values, Work  
Motivation and Management Control**

It gives me great pleasure to support FIRMAN MENNE in this application for a four month DIKTI Scholarship to have a PhD SANDWHICH PROGRAM at Accounting, Finance and Economics, Gold Coast Campus, Griffith, Australia.

The applicant's attributes include:

He has completed his Master with GPA 3.63, and undergraduate programs with GPA 3.83. He has been carrying out the duties as a lecturer and later as vice- rector IV at the University "45" Makassar. As an academic, he has conducted some research and publications. The applicant has a full support from his university to continue his education in Australia.

This applicant's current research will be supervised by Dr Lanita Winata, PhD, MBA, CPAA, CPA, from Griffith University in AFE. Dr. Winata has qualification and expertise in the area of Management Accounting. Her research interests are Performance Management, which incorporates Culture, Leadership, Operation Management and MAS Information. The outcome of the supervision will be a research proposal for a research grant which will be presented at AFE's seminar and a joint publication between Firman Menne and Dr Winata will be produced.

Griffith's clean, secure and attractive atmosphere at our 5 campuses, including Gold Coast campus on Gold Coast, offers you first-class educational facilities and as a PhD Academic you will enjoy the commitment to academic excellence delivered by world-class research and teaching staff.

I look forward to welcoming you to the diverse community of Griffith University. Please do not hesitate to contact us at Griffith if you need assistance or advice.

Yours faithfully



Dr. Lanita Winata, PHD, MBA, CPAA, CPA

AFE, Griffith University, Australia.



**MINISTRY OF RESEARCH, TECHNOLOGY  
AND HIGHER EDUCATION**

Jalan Jenderal Sudirman, Pintu I Senayan , Jakarta 10270  
Telp. (021) 57946100 (Hunting) / (fax) 021-57946052  
Email : subdit\_pk@dikti.go.id Homepage : http://dikti.go.id

**TO WHOM IT MAY CONCERN**

*709*...../E4.4/K/2015

Herewith, on behalf of the Directorate General of Higher Education (DGHE) of Indonesia, I would like to notify that the DGHE has awarded the **PKPI Scholarship** for :

**Name** : Firman Menne  
**University Origin** : Universitas Hasanuddin  
**Enrolled at (University)** : Griffith University  
**Date of Commencement** : September 2015  
**Scholarship Duration** : 4 months starting from September 2015

The Scholarship will cover the following components :

No.	Components	Amount (AUD)	Period (PhD)
1.	Living Allowance (monthly)	1750	4 months
2.	Book Allowance (semi-annually)	300	Once
3.	Bench fee (at cost)	0	Once
4.	Health Insurance (at cost, annually)	300	Once
5.	International air-fare (at cost)	-	Return

Thank you for your kind attention and cooperation.

Jakarta, July 2015

**Deputy Director for Qualification Affairs**

Ridwan



**LAPORAN HASIL  
PROGRAM PENINGKATAN KUALITAS PUBLIKASI INTERNASIONAL  
TAHUN ANGGARAN 2015**

**OLEH**

**FIRMAN MENNE**

**KEMENTERIAN RISET, TEKNOLOGI DAN PENDIDIKAN TINGGI  
DIREKTORAT JENDERAL SUMBER DAYA IPTEK DAN DIKTI  
DIREKTORAT KUALIFIKASI SUMBER DAYA MANUSIA**

**2016**

## **KATA PENGANTAR**

Alhamdulillah, segala puji hanya milik Allah atas segala nikmat yang telah dilimpahkan kepada kita semua terutama kepada diri pribadi Firman Menne selaku mahasiswa Program Pascasarjana S3 Universitas Hasanuddin yang telah sukses mengikuti program Beasiswa Peningkatan Kualitas Publikasi Internasional (PKPI) Kemenristek DIKTI Tahun Anggaran 2015 yang dilaksanakan di Griffith University, Gold Coast, Queensland, Australia dan pada kesempatan ini telah menyusun laporan akhir pelaksanaan kegiatan tersebut

Laporan akhir pelaksanaan program PKPI ini menyajikan latar belakang kegiatan, tujuan kegiatan, manfaat kegiatan, rencana dan pelaksanaan kegiatan yang meliputi tempat, waktu, lingkup, data pendamping, deskripsi rincian kegiatan, luaran kegiatan, dan dampak kegiatan selama dan sesudah melaksanakan program PKPI di Griffith University, Australia. Informasi yang disajikan dalam laporan ini didasarkan pada pengalaman kami selama mengikuti kegiatan tersebut dari tanggal 17 September – 21 Desember 2015.

Pada kesempatan ini, kami tak lupa menyampaikan terima kasih kepada Direktorat Kualifikasi Sumber Daya Manusia, Direktorat Jenderal Sumber Daya Iptek dan DIKTI, Kementerian Riset, Teknologi dan Pendidikan Tinggi yang telah memberikan kesempatan dan beasiswa kepada kami untuk melaksanakan Program PKPI di Australia. Semoga hal ini menjadi bekal bagi kami untuk meningkatkan kualitas diri dan dapat mengabdikan serta mengamalkannya dalam tugas keseharian kami sebagai dosen di Universitas Bosowa Makassar juga sekaligus sebagai mahasiswa Pascasarjana S3 Universitas Hasanuddin.

Demikian penyusunan Laporan Akhir Pelaksanaan Program PKPI ini disusun agar dapat dimanfaatkan dan digunakan sebagai laporan pertanggung-jawaban atas penggunaan dana beasiswa dari Kemenristek DIKTI dan juga dapat menjadi acuan bagi mahasiswa S3 yang berkeinginan mengikuti kegiatan sejenis di masa yang akan datang.

Makassar, Februari 2016  
Hormat kami,

**Firman Menne**

## **BAB I**

### **PENDAHULUAN**

#### **a. Latar Belakang Kegiatan**

Dewasa ini, pemerintah Republik Indonesia tidak pernah berhenti untuk memberikan perhatian kepada tenaga pendidik khususnya dosen untuk meningkatkan kualitas diri dosen, salah satu diantaranya adalah dengan pemberian beasiswa Program Peningkatan Kualitas Publikasi Internasional (PKPI) Tahun Anggaran 2015 kepada dosen yang menempuh pendidikan di jenjang S3 di masing-masing perguruan tinggi terpilih di seluruh Indonesia. Kegiatan ini dimaksudkan untuk mempersiapkan SDM Indonesia yang berkualitas dan memiliki daya saing internasional yakni dengan melakukan serangkaian kegiatan akademik di perguruan tinggi di luar negeri, khususnya publikasi hasil penelitian di jurnal internasional. Selain itu, kegiatan ini juga dapat memberikan pengalaman kepada dosen terpilih dalam merasakan atmosfer akademik dari perguruan tinggi lain di luar negeri.

#### **b. Tujuan Kegiatan**

Tujuan mengikuti kegiatan Program Peningkatan Kualitas Publikasi Internasional (PKPI) ini adalah :

1. Untuk mendorong dosen mengembangkan diri untuk mampu berkontribusi di jenjang internasional.
2. Untuk meningkatkan pemahaman terhadap metodologi dan metode



penelitian dalam pengembangan penelitian di luar negeri.

3. Untuk menghasilkan paper atau artikel dengan mitra di luar negeri untuk tujuan publikasi internasional pada jurnal internasional yang bereputasi.
4. Untuk melengkapi bahan studi literasi disertasi.
5. Untuk menambah pengalaman dalam merasakan atmosfer akademik pada perguruan tinggi lain di luar negeri.

**c. Manfaat Kegiatan**

Manfaat mengikuti kegiatan Program Peningkatan Kualitas Publikasi Internasional (PKPI) ini adalah :

1. Dapat meningkatkan relasi internasional dengan berinteraksi secara dekat dengan civitas akademik perguruan tinggi di luar negeri.
2. Dapat menghasilkan paper/artikel hasil penelitian yang dipublikasikan di jurnal internasional yang bereputasi.
3. Dapat mengembangkan kemampuan dalam penulisan laporan hasil penelitian dan kemampuan dalam presentasi.
4. Dapat melengkapi bahan studi literasi untuk disertasi.
5. Mendapatkan pengalaman dalam merasakan atmosfer akademik pada perguruan tinggi lain di luar negeri.

## **BAB II**

### **RENCANA KEGIATAN**

#### **a. Tempat Kegiatan di Luar Negeri**

Tempat berlangsungnya kegiatan ini berpusat pada sebuah universitas terkemuka di Australia, yakni Griffith University, di Kota Gold Coast, Queensland, Australia. Lebih tepatnya lagi, kegiatan ini dilaksanakan di Department of Accounting, Finance and Economics, Griffith Business School, Griffith University, Australia.

#### **b. Waktu Kegiatan**

Kegiatan ini berlangsung selama kurang lebih 4 bulan, yakni dari tanggal 16 September – 21 Desember 2015. Hal ini berdasarkan surat Letter Of Acceptance yang ditandatangani oleh DR. Lanita Winata, PHD, MBA, CPAA, CPA (AFE, Griffith University, Australia) sebagai supervisor kami di Griffith University, Australia dan juga berdasarkan Surat Ijin Perjalanan Dinas Luar Negeri dari Kementerian Sekretariat Negara No. B.14112/Kemensetneg/Setmen/KTLN/LN.00.00/08/2015, tanggal 18 Agustus 2015 yang menyetujui perjalanan dinas luar negeri kami selama 4 bulan dari bulan September 2015.

#### **c. Lingkup Kegiatan**

Kegiatan yang dilakukan adalah konsultasi dengan Professor yang telah ditunjuk mengenai topik yang akan diajukan sebagai bahan membuat jurnal

internasional, serta hal hal yang berkaitan dengan judul dan teknik pengelolaan bahan hingga menjadi sebuah jurnal internasional yang berstandar internasional

Disamping itu pula melakukan *literature study* untuk menemukan bahan pendukung serta data yang memadai untuk dijadikan bagian yang tidak terpisahkan dengan proses dalam pembuatan jurnal internasional

Belajar bersama dalam kelas pada jam pengajaran dosen yang terpilih menjadi pembimbing dalam publikasi jurnal internasional, hal ini diharapkan menjadi pendukung terciptanya hubungan yang erat antara mahasiswa dengan dosen.

Disamping itu pula mempelajari bagaimana dijalankannya proses mengajar antara dosen dan mahasiswa di luar negeri untuk dijadikan acuan dalam melaksanakan pengajaran sekembalinya ke tanah air

Menjalin hubungan dengan sesama mahasiswa dan membangun kebersamaan dengan mahasiswa lain yang berbeda suku bangsa dan negara baik di ruang kelas, kantor, kantin dan berbagai tempat lainnya.

**d. Data Singkat Pendamping di Luar Negeri**

Pendamping atau pembimbing (supervisor) kami dari Griffith University di Australia adalah DR. Lanita Winata, PHD, MBA, CPAA, CPA, dengan alamat, AFE Griffith University, Room no G 42\_6.28, Gold Coast Campus, PMB 50 GCM, Qld 9726 Australia. Beliau menyelesaikan pendidikan

S1 di Departmen of Accounting, Gajah Mada University, Indonesia, kemudian melanjutkan S2 di Western Michigan University, United State of America dan Menyelesaikan S3 di Griffith University, Australia. Sebagai seorang dosen beliau telah melahirkan berbagai macam karya di bidang ilmu pengetahuan seperti *Strategic Management Accounting (Mixed Media Product)*, publikasi internasional pada *International Journal of Hospitality Management* (Vol. 24, Issue 1, p.21-39) dengan judul artikel *Information Technology and the performance effect of Manager' Participation, in Budgeting, Evidence from the Hotel Industry* dan artikel lainnya. Beliau juga telah tampil beberapa kali sebagai pembicara dalam seminar nasional maupun seminar internasional.

**e. Deskripsi Rinci Rencana Kegiatan**

Awal kedatangan diharapkan kiranya ada penjemputan dari pihak *university*, hal ini untuk memudahkan proses berjalannya aktivitas menuju tempat tinggal dan perkuliahan. Untuk selanjut akan menyelesaikan urusan yang utama yaitu tempat tinggal dan beberapa urusan administrasi yang harus diselesaikan sebelum menjalankan tugas sebagai mahasiswa yang akan mendapat pengarahan dari supervisor yang telah ditunjuk.

Setelah mendapatkan fasilitas penginapan dan menyelesaikan administrasi selanjutnya bertemu dan sekaligus perkenalan dengan supervisor pembimbing yang sedianya akan menjadi pembimbing dalam meyelesaikan jurnal internasional nanti. Dengan mendapatkan pengarahan serta petunjuk

dari supervisor, sedikit banyaknya akan memberikan gambaran yang dapat memudahkan dalam penerbitan jurnal internasional yang menjadi target kegiatan ini. Setelah mendapatkan pengarahan, tugas inti akan dijalankan dengan mencoba menggali data dan informasi di perpustakaan atau buku yang ada pada universitas tersebut.

Menyelesaikan semua jurnal dengan tetap konsultasi dengan supervisor serta menerima dan mengadakan perubahan atas masukan yang diberikan, hal ini bertujuan agar hasil yang diperoleh lebih maksimal dan bernilai tinggi, berkonsultasi dengan supervisor untuk menemukan hasil yang lebih maksimal

Menyampaikan ucapan terima kasih kepada supervisor atas jasanya dalam membimbing penulisan jurnal, meninggalkan negara tempat belajar dan kembali ke tanah air untuk melanjutkan aktivitas di tanah air selanjutnya

**f. Deskripsi Luaran (output) Kegiatan**

Dengan menyelesaikan kegiatan tersebut diharapkan akan menambah wawasan dari segi bidang ilmu ekonomi khususnya di bidang akuntansi, disamping itu akan meningkatkan kualitas dosen sehingga mampu memberikan proses belajar mengajar yang baik dengan mengadopsi proses belajar mengajar dari dunia pendidikan bertaraf internasional.

Dapat mengembangkan potensi dalam hal menulis yang baik dan benar dan bukan hanya dari segi menulis jurnal internasional melainkan dapat

membantu menulis secara lebih luas lagi semisal menulis buku atau artikel yang sifatnya dapat dipublikasikan.

Memberikan nilai tambah bagi dosen yang sifatnya bukan material dikarenakan telah menimba ilmu dan wawasan di universitas internasional sehingga dapat dijadikan nilai jual di kemudian hari.

Dengan menjalani pendidikan selama 4 bulan di universitas luar negeri akan membangun kemampuan dalam menggunakan bahasa Inggris untuk aktivitas sehari-hari dan terutama dalam melakukan penelitian dan publikasi.

**g. Deskripsi Dampak (outcome) Kegiatan**

Deskripsi Dampak (outcome) kegiatan yang diharapkan adalah memberikan kesan profesionalisme setelah menjalani pendidikan di luar negeri yang berdampak pada peningkatan citra terhadap diri sendiri, pendidikan, pengajaran dan lingkungan serta universitas tempat di mana kita mengabdikan.

Mampu membuat jurnal secara mandiri setelah dibimbing secara profesional dari Universitas bertaraf internasional di Australia, dan diharapkan dapat berlangsung secara berkesinambungan sehingga menjadikan hubungan dan interaksi yang saling membangun antara professor di luar negeri meskipun telah balik ke tanah air.

Dapat membuat sebuah jurnal internasional yang dapat dipublikasikan, nantinya diharapkan dapat menciptakan sebuah buku yang bernilai ekonomi yang memberikan nilai tambah bagi orang lainnya.

### BAB III

#### PELAKSANAAN KEGIATAN

##### a. Tahap Persiapan Kegiatan

Tahap persiapan kegiatan meliputi :

1. Mengikuti lokakarya PKPI dari Kemenristek DIKTI
2. Melengkapi Formulir Pendaftaran
3. Mempersiapkan proposal dan draft artikel untuk Publikasi
4. Melakukan komunikasi dengan calon pendamping di Luar Negeri.
5. Mengajukan Permohonan LOA kepada calon pendamping di luar negeri.
6. Mengikuti test wawancara yang dilaksanakan oleh Tim Kemenristek DIKTI
7. Mengikuti Pembekalan dari Kementristek DIKTI
8. Mengajukan permohonan reservasi tiket
9. Pengambilan tiket di Kemenristek DIKTI
10. Keberangkatan ke Australia

##### b. Tahap Pelaksanaan Kegiatan

Tanggal	Uraian Kegiatan	Keterangan
16/09/2016	Setelah Lapor Diri di Kemenristek Dikti Jakarta, Melakukan perjalanan Luar Negeri dari Bandara Internasional Cengkareng, Jakarta menuju Bandara Internasional Sydney dan dilanjutkan ke Bandara Brisbane, Australia.	QF 42S CGKSYD 2005 #0610 QF 512S SYDBNE 0905 #1035

17/09/2015	Melapor ke kampus Griffith University, bertemu dengan Mr. Josephine Burling (Reservasi akomodasi).	
18/09/2015	Bertemu dan berkenalan dengan pendamping Dr. Lanita Winata, Ph.D, CPAA, CPA (Masa Orientasi dan pengenalan kampus)	
19/09/2015	Bertemu dengan Prof. Fabrizio Carmignani (Head of Department Accounting, Finance, and Economic) ditemani oleh Dr. Lanita Wanita, Ph.D, CPAA, CA	
25/09/2015	Memperhadapkan artikel yang dibawa dari Indonesia untuk diterbitkan di jurnal internasional	Ada 2 artikel, dan semuanya ditolak untuk dipublikasi.
25/09/2015	Penentuan judul artikel untuk diteliti ulang dengan memanfaatkan data sekunder dan waktu yang tersisa. Judul yang disepakati : <i>The Influence of CSR Practices on Financial Performance; Evidence from Islamic Financial Institution.</i>	<i>Body of article</i>
02/10/2015	Membuat frame work artikel ; seperti <i>introduction and litherature review.</i>	
09/10/2015	Review of Previous Research, focus pada <i>Islamic Accounting Standar</i> , dilakukan review secara mendalam terhadap artikel penelitian Siwar & Md (2010).	
12/10/2015	Membuat table secara khusus untuk membandingkan antara CSR Practices menurut pandangan Islam dan pandangan Barat	
14/10/2015	Persiapan draft artikel untuk presentase tahap pertama	
16/10/2015	Presentase #1 dihadapan Pendamping dan Mahasiswa S3 Griffith Business School, Griffith University untuk menilai kelayakan judul penelitian dan relevansinya dengan <i>previous literature.</i>	
19/10/2015	Melakukan perubahan framework penelitian menjadi CSR Practices toward CSR Performance and Financial Performance.	
23/10/2015	Pembuatan dan Pengembangan <i>Research Model</i>	Kerangka Pikir Penelitian
25/10/2015	Kunjungan ke Botanical Garden and Mount Cooch Ta di Kota Brisbane dan bertemu dengan	Refreshing Schedule



	komunitas muslim Indonesia di Brisbane Australia.	
27/10/2015	Model penelitian sudah bagus, dilanjutkan dengan pengembangan hipotesis	
28/10/2015	Pengumpulan data dengan mendownload laporan keuangan dari semua lembaga keuangan Syariah yang ada di Indonesia	
09/11/2015	Melakukan tabulasi data	
16/11/2015	Melakukan perhitungan data deskriptif dan analisis regresi	
19/11/2015	<ul style="list-style-type: none"> <li>- Kunjungan ke Kampus Nathan, Griffith University dan silaturahmi dengan pejabat dan dosen lain di kampus Nathan</li> <li>- Melakukan konsultasi hasil analisis kepada Co-Author lainnya di Kampus Nathan, Griffith University</li> </ul>	
27/11/2015	Melakukan analisis terhadap hasil analisis dengan pembacaan pada table anova dan summary models	<i>Findings and Results</i>
07/12/2015	Penarikan Kesimpulan dari hasil analisis dan pembahasan	
10/12/2015	Pembuatan abstrak artikel dan konsultasi tata bahasa di Pusat Bahasa Griffith University.	
11/12/2015	Presentase #2, Seminar Hasil dihadiri oleh dosen dan mahasiswa S3 Griffith Business School and Teleconference dengan Kampus Nathan.	
17/12/2015	Submit article ke Jurnal Internasional yang bereputasi yakni <i>Journal of Modern Accounting and Auditing</i>	
19/12/2015	Mengikuti Prosesi Wisuda di Kampus Gold Coast, Queensland, Griffith University	
20/12/2015	Refreshing ke Surfer Paradise and Currumbin Wildlife Sanctuary untuk bercengkrama dengan binatang khas Australia, seperti Kangguru, Kuala, Buaya, dan sebagainya.	

### c. Tahap Akhir Kegiatan

Path tahap akhir kegiatan meliputi :

- Mengkonsultasikan draft paper untuk dipublikasi ke jurnal internasional

yang bereputasi.

- Mendiskusikan dan memilih beberapa jurnal yang akan dituju sebagai tempat publikasi (Journal of Modern Accounting and Auditing, Journal of Islamic Accounting and Business Research).
- Melakukan submit artikel ke Journal of Modern Accounting and Auditing (JMAA), USA pada tanggal 17 Desember 2015.

## BAB IV

### PENUTUP

#### a. Kesimpulan

Selama mengikuti Program Peningkatan Kualitas Publikasi Internasional (PKPI) Anggaran Tahun 2015 selama hampir empat bulan di Griffith University, Australia, dapat disimpulkan sebagai berikut :

1. Kegiatan ini telah menambah wawasan kami tentang *academic atmosphere* di luar negeri, terutama di Griffith University, dimana suasana akademik sangat terasa dengan berbagai mengikuti berbagai kegiatan di kampus, seperti diskusi dengan mahasiswa S3 di Griffith Business School, mengikuti kegiatan seminar, *sit in the class*, mengikuti prosesi wisuda, mengikuti kegiatan olahraga, dan berbagai kegiatan lainnya.
2. Pembimbingan penulisan artikel begitu intensif dilakukan oleh pendamping mulai dari pemilihan judul, literature review, pembuatan model penelitian, sampai kepada hasil penelitian dan pembahasan serta kesimpulan yang mengantarkan pada lahirnya sebuah paper/artikel yang telah disubmit ke Journal of Modern Accounting and Auditing, David Publishing, USA.
3. Studi literasi dalam memperoleh kelengkapan sebagai penunjang dan pelengkap referensi disertai sangat didukung oleh kelengkapan perpustakaan yang ada di Griffith University yang dapat diakses secara *online and anytime*.

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Setelah mengikuti kegiatan PKPI Anggaran Tahun 2015, ada hal yang dapat disarankan sebagai berikut :

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2. Sekiranya pihak Kemenristek DIKTI menyiapkan pula dana submit artikel ke jurnal internasional yang biasanya harganya tidak murah terutama bagi jurnal-jurnal internasional yang bereputasi.

## DAFTAR PUSTAKA

Kementerian Pendidikan dan Kebudayaan Direktorat Jenderal Pendidikan Tinggi  
Direktorat Pendidik dan Tenaga Kependidikan. 2013. **Laporan Hasil  
Kegiatan Program Peningkatan Kualitas Publikasi Internasional Tahun  
Anggaran 2015. Jakarta**

**LAMPIRAN**

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### 1. Saat Tiba Di Kampus Griffith University





## 2. Bersama Rektor, Dept. Head dan Pendamping



### 3. Konsultasi dengan Pembimbing Penelitian



## 4. Seminar Hasil

Surat

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**Griffith UNIVERSITY**

The Department of Accounting Finance and Economics presents the following:

**The Influence of CSR Practices on Financial Performance :  
evidence from Islamic Financial Institutions in Indonesia**

**Firman Menne**  
*Bosowa University, Makassar, Indonesia*

Friday 11 December 2015  
11:00 am  
Room: G06\_3,60

**Abstract :** The emerging of Islamic Financial Institutions (IFIs) is expected to provide enormous benefits for the Muslim community in Indonesia such as the availability of Islamic financial institutions based on Sharia law and the implementation of Islamic value in the community. Like CSR practices in all business organization, the IFI's corporate responsibility becomes one of the important factor in improving organization's performance. The implementation of CSR in IFIs is unique as it is based on Sharia law. Zakat and Qardh are the uniqueness of IFI's CSR practice. There are many studies investigate the relationship of Zakat and Qardh on organizational performance in Arabic or Muslim countries, where their laws are Islamic laws and providing Zakat and Qardh are compulsory. Indonesia is not a Muslim country and in view of Indonesian Accounting Standard, providing Zakat and Qardh are volunteer practices. This study aims to analyze the effect of CSR practices on Financial Performance at IFIs in Indonesia. The samples of this research used the annual reports of 9 Islamic Banks for five years from 2010 to 2014 and the regression method is used to analyze and test hypothesis. The result of this research indicated that the relationship between CSR practices and financial performance is strong which the value of R is 0.737 and R Squares is 0.543. The result of partial correlation analysis with controlled the Gender as control variable still strong which is above 50%. It means that the increasing of the value of CSR practices increases organization's financial performance. This study has a limitation as the sample is small and in the future it is necessary to compare the results with CSR practice in other non-Muslim countries.

Keywords: CSR practices, financial performances, gender, Islamic financial institutions



**5. Refreshing Melepas Kepenatan bersama Binatang Khas Australia**





# The Influence of CSR Practices on Financial Performance: Evidence From Islamic Financial Institutions in Indonesia

Firman Menne

Bosowa University, Makassar, Indonesia

Lanita Winata, Mohammad Hossain

Griffith University, Queensland, Australia

The emergence of Islamic Financial Institutions (IFIs) is expected to provide enormous benefits for the Muslims community in Indonesia such as the availability of IFIs based on Sharia law and the implementation of Islamic value in the community. Like Corporate Social Responsibility (CSR) practices in all business organizations, the IFI's CSR becomes one of the important factors in improving organizational performance. The implementation of CSR in IFIs is unique as it is based on Sharia law. Zakat and Qardh are the uniqueness of IFI's CSR practices. There are many studies which have investigated the relationship of Zakat and Qardh on organizational performance in Arabic and Muslim countries. As Muslim countries, Islamic laws including providing Zakat and Qardh are practices of every business organization. Indonesia is not a Muslim country, Zakat and Qardh are only required for IFIs as part of CSR practices. This study aims to analyze the influence of CSR practices on the financial performances of IFIs in Indonesia using gender as a control variable. The samples of this research were taken from the annual reports of nine Islamic banks for the period of 2010-2014. Regression method was used to analyze and test hypotheses. The results of this research indicate that the relationship between CSR practices and financial performance is significant, the value of  $R$  is 0.737, and  $R$  square is 0.543. This means that the implementation of CSR practices (Zakat and Qardh) improves organizational financial performances of IFIs in Indonesia. This study also has a limitation as it only focuses on Zakat and Qardh; thus in the future, it is necessary to advance the variable of CSR practices on the real social and environmental practices such as environmental improvement, increasing the quality of human resources, involving in any jobs or reducing unemployment and any other activities.

*Keywords:* CSR practices, financial performances, gender, Islamic financial institutions (IFIs)

## Introduction

The development of Islamic Financial Institutions (IFIs) in Indonesia has shown a fairly positive trend as shown in Table 1, This is an important development achieved by Indonesia as a country that is known with a Muslim majority population even as the country with the largest Muslim population in the world. Furthermore, the effort to build the strong IFIs in Indonesia could not be released from the implementation of Corporate Social Responsibility (CSR) practices in any IFIs.

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Table 1

*The Development of IFIs in Indonesia*

The number of	2009	2010	2011	2012	2013	2014
ICU	6	11	11	11	11	12
Offices	711	1,215	1,390	1,734	1,987	2,151
SBU	25	23	24	24	23	22
Offices	287	262	312	493	567	320
SRB	138	150	155	158	163	163
Offices	223	286	364	401	402	439
Sharia Pawnshop	287	157	135	152	156	156
Sharia Insurance	42	45	43	45	49	50
Total number of offices	1,550	1,965	2,244	2,825	3,161	3,116

*Notes.* Source: Otoritas Jasa Keuangan (OJK), Modified, 2015. ICU = Islamic Commercial Bank; SBU = Sharia Business Units; SRB = Sharia Rural Bank.

During the past five years, IFIs in Indonesia have shown their role in disclosing the CSR report as a complement of their annual reports, despite that there are not many studies focusing on the effect of CSR practices on financial performances of IFIs. Moreover, CSR practices in IFIs have uniqueness in their reports using Islamic Accounting Standards (IAS).

Indonesia has adopted IAS as noted in several statements in its Statement of Financial Accounting Standard (PSAK). In 2003, Islamic Accounting Standard Board authorized PSAK 59 about Islamic Banking, and subsequently in 2007, it authorized again PSAK 101-109 about Islamic Financial Statement, *Murabahah, Salam, Istishna, Mudharabah, Musyarakah, Ijarah*, Islamic Insurance, and Zakat. Implementation of this IAS surely will become a different thing compared with other cases in other countries especially in Western countries. Islamic Accounting as a standard for IFIs has become a guideline to manifest and involve themselves in their transactions, included there in the society, environment, and the universe. The last sentences refer to the CSR. It means that CSR practice in IFIs is an implementation of the content of Qur'an, for example, Allah says that, "And when it is said to them, 'Do not cause corruption on the earth', TQS 2:11" (Rahman, 2009, 2:11). This verse implies that the practice of CSR is God's command, not merely as a form of accountability to the society but also accountability to God.

However, is there a positive relationship between CSR practices and financial performances of IFIs? To answer this question, this research aims to analyze the influence of CSR practices on financial performances of IFIs in Indonesia using gender as a control variable.

### Literature Review of Previous Research

#### CSR: Concept and Measurement

The concept of CSR has long been known in business field, as has been proposed by a number of previous researchers, such as Friedman (1970) who stated that for a long time ago, managers will not have money profit as their objective, but they are also ultimately thinking about social problems. In addition, Garriga and Mele (2004) said that since the second half of the 20th century, a long debate on CSR has been taken. Even over the past 50 years, business ethicists and management theorists have devoted much effort to studying and analyzing the business-society relationship.

The notion of CSR is expressed in many other connotations in different organizations with other names such as Socially Responsible Corporation (SRC) or Corporate Responsibility (CR). All things refer to the terminology of corporate responsibility to stakeholder including the community and nature around the corporate. Siwar and Hossain (2009) said that CSR is an organization's commitment to conducting its business in an economically, socially, and environmentally sustainable manner whilst balancing the interests of a diverse range of stakeholders. CSR refers to business, ethically responsible to its stakeholders. The simple notion of CSR is mentioned by Zakaria and Gao (2011) that CSR refers to the relation of a corporation society as a whole.

To complete the notion of CSR, Carroll (1979) mentioned the typology of CSR as follows: (1) economic: fulfilling consumer needs, providing jobs and respectable wages, and raising capital for investment; (2) legal: complying with laws and regulations; (3) ethical: undertaking morally justifiable codes and conduct, discriminating between right/wrong and honest/dishonest and not harming others; and (4) discretionary or philanthropic: keenly contributing to community welfare by investing in education and charity or by helping society's most helpless members.

Although there are some notions about CSR, this study will focus on the CSR with the Islamic principle approach as a set of CSR practices to make a responsibility of all company activities holistically to stakeholders: humans, nature, and the God.

There are several theories that support the notion of CSR. First, the stakeholder theory posits that the behavior of an organization can be understood and predicted based on: (1) the nature of its diverse stakeholders; (2) the norms defining right or wrong adopted by these stakeholders; and (3) stakeholders' relative influence on organizational decisions. It means that the corporates pay attention to the needs and rights of all the stakeholders of a business as a useful way of developing socially responsible behavior by managers (Maignan & Ferrell, 2004). Second, social contract theory, according to which business must act in a responsible manner, not only because it is in its commercial interest to do so, but also because it is a part of how society implicitly expects business to operate (Moir, 2001). Dusuki (2008) added two other theories as follows: (1) instrumental theory: in an attempt to further legitimize the role of corporations in society, an instrumental theory has developed CSR as a strategic tool to achieve economic objectives; and (2) legitimacy theory, which states that CSR is a response to the environmental pressures involving social, political, and economic forces. According to the theory, organizations look for a balance between their actions and how they are perceived by outsiders and what is thought by society to be appropriate.

Although CSR has underpinned with several theories above, CSR practices in IFIs have another rule which has to be fulfilled, that is, the Sharia law. Islam assumes a relatively holistic approach to CSR. This approach suggests an integrated spiritual vision of Sharia law, which is based on the *Qur'an* and *Sunnah*, to provide an alternative philosophical framework for people's relations with nature and other people. Indeed, the moral and ethical principles derived from divine revelations are enduring, eternal, and absolute (Ahmad, 2002). It can be inferred that this principle can be implemented as responsibility of corporations to society and the environment around them. CSR focuses on compliance to the sharia law to feature consistent with the unity, equilibrium, free will, and responsibility, and to organize these activities funded from Zakat and Qardh fund as shown in Table 2.

Abdullah and Suhaib (2011) said that Zakat is obligatory (*Fard*) on all Muslim men and women who are Sahib-e-Nisab and possess a specified limit of wealth, to pay each year a prescribed portion from capital or savings like farm produce, cattle, business activities, paper currency, and precious metals such as gold and



silver. In PSAK 109, it was stated that Zakat is an Islamic obligation which must be submitted by muzakki to mustahik through amyl board or directly. Zakat is redeemable after eligible Nisab and haul, calculated at 2.5% of the total object zakat and given to the mustahik. Meanwhile in PSAK 101, it was stated that Qardh (charity fund) is a voluntary donation such as infaq, charity, virtue productive refunds, fines and non-halal income. Based on PSAK 101, Qardh can be used to fund productive virtues, donations and has other use in the public interest. Febianto and Ashany (2012) said that Qardh is a kind of gratuitous loan given to the needy people for a fixed period without requiring the payment of interest or profit.

To fulfill the demands of various stakeholders with the goal of measuring CSR and in line with several researchers, the measurement of CSR can be based on the following: theme, evidence, news type, and number of sentences (Aras, Aybars, & Kutlu, 2010; Lyon, 2007; Cochran & Wood, 1984), disclosure index (Jitaree, Lodh, & Bhati, 2014; Tsoutsoura, 2004), and employee, customer, community, environment, supplier and shareholder (Boaventura, Santos da Silva, & Bandeira-de-Mello, 2012; Fischer & Sawczyn, 2013).

Table 2

*Scenario of Islamic CSR Practices*

Mode of CSR activities	CSR beneficiaries
1. Providing aids/equipments/booklets, etc.	1. Educational activities
2. Financial assistance (Non-Zakat funds)	2. Training and skill development
3. Construction work	3. For differently disabled
4. Qardh al Hasana	4. To needy, downtrodden
5. Financial assistance (Zakat funds)	5. For marriage
6. Cooperation with other institutions	6. For medical treatment
7. Organizing programmes, projects	7. For diversified activities
CSR collaborative agencies	8. For medical equipments
1. With non-governmental organizations (NGOs)	9. For prisoners
2. With government agencies	10. For fishermen
3. With charity organizations	11. For people affected by natural calamity
4. With other organizations	12. For Zakat fund campaign
	13. For traffic awareness
	14. For religious activities
	15. For retiring employees
	16. For heritage club
	17. For women
	18. Employment to nationals
	19. For sports
	20. For environmental education

*Note.* Source: Chintaman (2014), modified.

All those measurements can also be used in IFIs as a commercial organization included IFIs in Indonesia. Moreover, during the last five years, the IFIs in Indonesia are required to disclose CSR in their annual reports as a complement report of their financial statements. It was a motivation of this research to explore deeply the role of CSR practices in the IFIs in Indonesia. Based on the previous research and the availability of the CSR report by IFIs, this study uses some of the measurements to count the scores of CSR disclosure from the annual report. They are distribution of Zakat and value of Qardh disclosure as uniqueness of IFIs report.

### **Corporate Financial Performance: Concept and Measurement**

About the definition of corporate financial performance, the researchers have various opinions. Fischer and Sawczyn (2013) suggested that corporate financial performance is defined as financial viability, or the extent to which a company achieves its economic goals. Lyon (2007) said that profitability is the most important aspect affecting a firm's growth and survival. It seems unlikely that a company could spend shareholders' funds without providing some kind of return. Cochran and Wood (1984) revealed that the basic idea underlying the financial performance is that the investor return is the return which should be measured from the perspective of the shareholders, such as price per share or share price appreciation, reflecting the notion that shareholders constitute a primary stakeholder group whose satisfaction determines the company's fate. Alternatively, accounting-based indicators, such as profit of the company, the firm's return on assets (ROA), return on equity (ROE), or earnings per share (EPS), capture a firm's internal efficiency in some way. On the other hand, Orlitzky, Schmidt, and Rynes (2003) stated that financial performance has been basically measured in three forms: market, accounting, and survey measurements.

One of the most complete measurement forms to measure the financial performance was expressed by Boaventura et al. (2012). They said that the variables most used to measure financial performance include the following: profit (operational and net), cash flow, EPS, ROA, ROE, sales growth, return on sales (ROS), contribution margin, Tobin's Q, market share, risk of the firm, and return on capital employed (ROCE).

Some elements of the financial statements of the IFIs have similarities with conventional institutions; therefore, financial performance measurement tools which are mentioned before can also be used to measure the financial performance of IFIs. Although, there are some addition elements as the compliance to the Islamic principles such as zakat report, charity funds report, and other reports. Therefore, based on some forms of financial measurement, this study focused on profit per year which is achieved of each company.

### **Gender in IFIs as a Control Variable**

As we know that the role of gender in decision-making of organization has been issued in the research field. It is found that gender moderates the effect of other practices and personal characteristics on financial performance. In addition, females with a stronger motivation to establish a public practice to balance work and family experienced more positive financial outcomes (Collins-Dodd, Gordon, & Smart, 2004). While for males, it is not always the case in the company as expressed by Inmyxai and Takahashi (2010) who stated that female entrepreneurs relatively underperform compared to male entrepreneurs.

Related to the CSR, females usually have a high sensitivity and concern over the implementation of CSR. This is because females are often soft-hearted and sensitive compared to males, as proposed by Kahreh, Babania, Tive, and Mirmehdi (2014). According to their study, the sensitivity of females is higher than males concerning the CSR dimensions of ethical responsibilities, discretionary responsibilities, legal responsibilities, and economic responsibilities. The *t*-test result of their study has also shown that all factors mentioned before significantly refer to the role of females compared with males. Despite the relative superiority of women orientation to the CSR, in accordance with the sig. amount, there is no significant and meaningful difference between males and females' orientation to the CSR in the organization. Finally, they found that females in dimensions of CSR have a little more attention compared with males.

Leadership in organization was also often characterized by the emergence of female as a leader. There are some facts that few organizations are led by female, including some of the objects in this research, such as: BCA Sharia, Bank Panin Sharia, and Victoria Sharia Bank. Even the leadership in these cases can last for more than five years. Certainly, it is a phenomenon in this research, moreover, in the IFIs. As mentioned before that, females usually are often soft-hearted and sensitive compared to males, they are more sensitive to donate more funds. In line with Soares, Marquis, and Lee (2011), it is revealed that companies with more women board directors donated significantly more funds. With each additional woman, annual philanthropic giving increased more significantly by the Fortune 500 companies from 1997 to 2007.

### **IAS for IFIs**

There is no denying that IFIs are closely related with adherence to the values of Islam. Therefore, one indicator that distinguished between IFIs and conventional institutions is the use of different standards. IFIs are expected to fulfill the financial statement as required by IAS.

Based on the narrative CSR and financial performance at the prior section that all of organizations including IFIs have to disclose their CSR to public with a standard to meet the goal of financial performance, at the same time, for IFIs, it must be suitable for the Islamic values. To produce CSR, IAS has to be present to regulate Islamic CSR reporting. As we know that IAS also refers to an Islamic sense and derived from the principle of the Qur'an. Napier (2009) revealed that Islamic accounting could be understood in a religion sense. What concepts of accountability are stated or implied in the authoritative sources of Islamic doctrine, the Qur'an (believed by Muslims to be the word of God revealed to the Prophet Muhammad SAW)? Meanwhile, Walsh (2007) stated that Islamic accounting (financing) is based on a system of ethics derived from the principles of the Qur'an. These ethical principles are applied to the financial industry through Sharia law.

Nowadays, there is an institution focus on the IAS. This institution has authority to product IAS. Sarea and Hanefah (2013) revealed that nowadays there is the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) which has an authority to product IAS. Then, IFIs have to adopt or comply with the AAOIFI accounting standards and IFRS has become the focus among IFIs. The AAOIFI provides guideline that may reflect the unique characteristics of IFIs and become a useful tool to meet the various needs of IFIs. AAOIFI has issued the characteristics of general standards and Islamic values disclosure in financial statement as Islamic bank must comply with Sharia regulation (Harahap, 2003). The objectives of the AAOIFI to establish IAS is to prepare and develop accounting, auditing, governance, ethical, and Sharia standards relating to the activities of IFIs. Based on the stakeholder theory, it discussed the importance of the AAOIFI's accounting standards for IFIs globally. Even, one of the major challenges facing IFIs lies in the preparation of financial statements under different accounting standards and which may result in problems of comparability, reliability, and compliance level's measurement, including how to produce the Islamic CSR. For Indonesia has Sharia PSAK as follows: PSAK 59 and 101-110.

IAS as a standard is different from other standards in the world. The core of this standard to arrange the company to make a report is fully in accordance with the principles of Islam. Firstly, it can be understood in a religious sense when the accounting rules are influenced by the religious dogma. Secondly, the label Islamic accounting can be applied to those countries where Islam had been the dominant religion at a certain moment in time. Given this last remark, we must mention that the influence of this religion on the national accounting rules may differ considerably from one country to another (Maria Dima, Dima, Megan, & Paiusan, 2014).

For example, the Islamic societies generally discourage the use of interest in business transactions. Usury is disallowed (Mirza & Baydoun, 1999). Therefore, there exists a need for developing accounting and reporting standards that are relevant to Muslim firms. Accounting standards for firms in Islamic societies need to be broad and flexible. Too specific and complex rules are likely to impose costs on the firms and on the community. The accounting and reporting policy choices are likely to reflect the firms' contracting environments. Given the nature of the contracts, managers need to be encouraged to provide detailed information about the firms' performance in both financial and social domains.

Baydoun and Willett (2000) revealed a theory about the form and the content of the financial information that should be contained in Islamic financial statements. The theory suggests that the presence of the Islamic religion as a cultural variable affects the way certain accounting measures are interpreted and the manner in which accounting information should be disclosed. Two important criteria for disclosure in Islamic accounting are identified: a form of social accountability and a rule of full disclosure.

This leads to a modification of the form of the conventional Western set of financial statements, which are referred to in the paper as Islamic corporate reports (ICRs). The specific recommendations are that ICRs should contain a value-added statement as the focus of performance of the accounting entity and a current value balance sheet in addition to the historic cost balance sheet. It is argued that ICRs, extended in this way, would better serve the needs of users wishing to act in accordance with the Islamic code (Baydoun & Willett, 2000).

IAS as a reference to conduct any transaction in the company must be consistent with the Islamic principle. According to Chintaman (2014), the fundamental principles of Islamic finance that IFIs transactions must comply with are as follows:

(1) Prohibition of interest or usury: The first and most important concept is that both the charging and the receiving of interest are strictly forbidden. This is commonly known as *Riba* or usury. Money, on its own, may not generate profits. When *Riba* infects an entire economy, it jeopardizes the well-being of everyone living in that society. When investors are more concerned with rates of interest and guaranteed returns than they are with the uses to which money is put, the results can only be negative;

(2) Ethical standards: The second guiding principle concerns the ethical standards. When Muslims invest their money in something, it is their religious duty to ensure that what they invest in is good and wholesome. It is for this reason that Islamic investing includes serious consideration of the business to be invested in, its policies, the products it produces, the services it provides, and the impact that these have on society and the environment. In other words, Muslims must take a close look at the business they are about to become involved in. No investments that are not in the public interest. Transactions involving certain products are prohibited; these include: pork, alcohol, armaments, gambling, and conventional finance;

(3) Moral and social values: The third guiding principle concerns moral and social values. The Qur'an calls on all its adherents to care for and support the poor and destitute. IFIs are expected to provide special services to those in need. This is not confined to mere charitable donations but has also been institutionalized in the industry in the form of profit-free loans or *Al Qard Al Hasan*;

(4) Liability and business risk: The final principle concerns the overarching concept of fairness, the idea that all parties concerned should both share in the risk and profit of any endeavor. To be entitled to a return, a provider of finance must either accept business risk or provide some service such as supplying an asset, otherwise the financier is, from a Sharia point of view, not only an economic parasite but also a sinner.

This principle is derived from a saying of the Prophet Mohammed (May Peace be upon Him), “Profit comes with liability”. What this means is that one becomes entitled to profit only when one bears the liability, or risk of loss. By linking profit with the possibility of loss, Islamic law distinguishes lawful profit from all other forms of gain.

## Research Method

### The Samples

This paper used the annual report of nine Islamic banks as one of the three types of IFIs in Indonesia. The names of the nine Islamic banks are: Muamalat Bank, Bank Sharia Mandiri, BRI Sharia, BNI Sharia, Bank Panin Sharia, Mega Sharia Bank, Victoria Sharia Bank, BCA Sharia Bank, and Bank BJB Sharia. Besides, two sharia banks such as Bank Sharia Bukopin and Maybank Sharia are excluded in the analysis, because they have not completed the annual report as IAS appointed.

Data were collected for five years from Islamic bank annual report from 2010 to 2014. From the annual report, data were classified and calculated from a company’s CSR practices with Zakat and Qardh report. The instruments of these reports are distribution of Zakat (*Dist\_Zakat*) and value of Qardh (*VQardh*) as sources of funding to do CSR practices related to companies stakeholder satisfaction, and for financial performance using profit per year for each Islamic bank. Furthermore, data were calculated using SPSS Version 22 as a statistical analysis to measure the relationship between company’s CSR practices and financial performance.

### Research Model

To measure the relationship between CSR practices and financial performance in IFIs, we used Islamic banks data having gender as a control variable. The research model we used is shown in Figure 1 as follows.

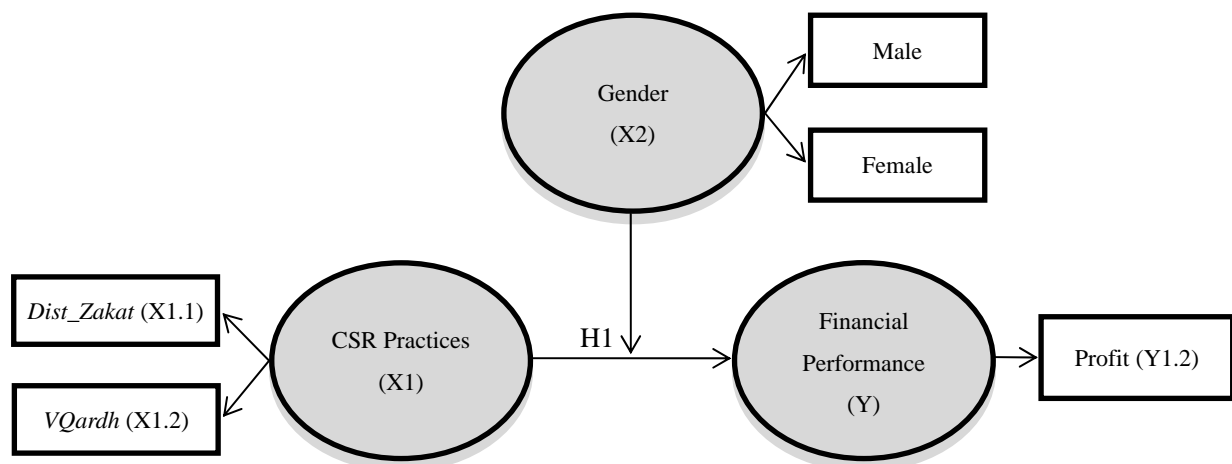


Figure 1. Research model. Note. *Dist\_Zakat* = A number of Zakat has been distributed in x-year; *VQardh* = Qardh collected and distributed in x-year; Gender = Male or female as a control variable.

### Operational Definitions

To understand the relationship between CSR practices and financial performance using IAS as a control variable, the definition of variables is as follows:

CSR practices are an organization's commitment to conducting its business in an economically, socially, and environmentally sustainable manner whilst balancing the interests of a diverse range of stakeholders, and it was measured with evidence of monetary quantification (Aras et al., 2010; Cochran & Wood, 1984; Jitaree et al., 2014).

Financial performance is financial viability, or the extent to which a company achieves its economic goals, and it was measured with net profit, ROA, and ROE (Aras et al., 2010; Boaventura et al., 2012; Cochran & Wood, 1984; Jitaree et al., 2014; Lyon, 2007; Fischer & Sawczyn, 2013; Tsoutsoura, 2004).

Gender is the concept of a set of characteristics associated with a person's sex and directed at the social role or identity in society (Wikipedia, 2015; Collins-Dodd et al., 2004; Inmyxai & Takahashi, 2010; Soares et al., 2011; Kahreh et al., 2014).

### **Development of Hypotheses**

To be more formally, the paper tests the following series of broad hypotheses of the relationship between CSR practices and financial performance. One of the most important theories that underpin the definition and development of CSR is the stakeholder theory. Stakeholder theory requires the roles of companies to the surrounding communities, such as: environmental improvement, increasing the quality of human resources, involving in any jobs or reducing unemployment and any other activities. According to Maignan and Ferrell (2004), paying attention to the needs and rights of all the stakeholders in a business is a useful way of developing socially responsible behavior by managers. Stakeholder theory posits that the behavior of an organization can be understood and predicted based on: (1) the nature of its diverse stakeholders; (2) the norms defining right or wrong adopted by these stakeholders; and (3) stakeholders' relative influence on organizational decisions. Dusuki (2008) said that stakeholder theory is also an attempt to broaden the perception that there is only one dominant interest, namely, the shareholders in public companies.

Based on the theory, some studies examine and investigate the relationship between CSR and financial performance in any contexts. However, some of these studies have indicated a positive relationship between CSR and financial performance, whereas others have not. One of this studies that investigated this relationship from the annual report listed on the stock exchange of Thailand during the period of 2009-2011 is that of Jitaree et al. (2014). They concluded that there was a strong positive relationship between CSR and financial performance in Thai listed firms. Tsoutsoura (2004) examined the relationship between CSR and financial performance in more than half of the Fortune 1000 companies which issued CSR reports in USA. It indicated that CSR is positively related to better financial performance and this relationship is statistically significant, supporting, therefore, the view that socially responsible corporate performance can be associated with a series of bottom-line benefits.

Ekatah, Samy, Bampton, and Halabi (2011) concluded that the findings indicate that CSR is positively related to better financial performance (profitability) and this relationship is statistically significant. Lyon (2007) said that profitability is the most important aspect affecting a firm's growth and survival and it can be seen from the positive relationship between CSR and profitability. Some of the researchers had the same conclusion such as Boaventura et al. (2012), Cochran and Wood (1984), Fischer and Sawczyn (2013), and Bayrakdaroglu, Ersoy, and Citak (2012).

Whereas, Aras et al. (2010) examined the annual reports of 40 companies which were selected after removing the companies in the financial sector and two companies in the automobile sector, and they found no

link between CSR and financial performance, they only found a relationship between firm size and CSR. They also said that CSR is still a very broad and active research topic, not only in emerging market countries, and the strength and usefulness of many results are still hotly debated. Thus, it is no easy task to consistently evaluate their significance. In other cases, Brine, Brown, and Hackett (2006) investigated the Australian companies to examine the relationship between CSR and financial performance and their study found no significant relationship. They faced the research constraint in conducting this analysis which was the lack of a reliable measure of CSR. It is not clear how to assess the extent to which corporate decision-making encompasses the social and environmental consequences of a course of actions.

In spite of many different conclusions on the relationship between CSR practices and financial performance as we found from the studies mentioned above, this research will focus on IFIs as a new field study to enrich the study about the relationship between CSR and financial performance with gender as a control variable. As we know that gender plays a more important role in making a decision in corporations.

So, this research will examine and investigate the relationship between CSR and financial performance, especially the case in IFIs in Indonesia. For this purpose, we design the following hypotheses:

H0: There is not a significant relationship between CSR practices and financial performance with gender of the board of directors as a control variable.

H1: There is a significant relationship between CSR practices and financial performance with gender of the board of directors as a control variable.

## Findings

To analyze the gathered data and test the research hypotheses, in this section, both descriptive and analytical statistics have been implemented. Participants of this research include nine Islamic banks with each annual report for five years from 2010 to 2014. Table 3 below best describes the population's characteristics and presents a descriptive statistics analysis.

Table 3

### *The Research Population Characteristics and Descriptive Analysis*

Frequencies	Frequency	Percent (%)	Valid percent (%)	Cumulative percent (%)		
	BCA Sharia	5	11.1	11.1		
	BJB Sharia	5	11.1	22.2		
	BNI Sharia	5	11.1	33.3		
	BRI Sharia	5	11.1	44.4		
Valid	Mega Sharia Bank	5	11.1	55.5		
	Muamalat Bank	5	11.1	66.6		
	Bank Panin Sharia	5	11.1	77.7		
	Bank Sharia Mandiri	5	11.1	88.8		
	Victoria Sharia Bank	5	11.1	99.9		
	Total	45	99.9	99.9		
	Descriptive analysis					
		<i>Dist Zakat</i>	<i>VQardh</i>	CSR practices	Gender	Profit
	Mean	5,588.71	2,043.84	3,816.28	0.67	157,363.11
Std. error of mean	1,291.99	981.40	962.25	0.07	34,276.63	
Std. dev.	8,666.60	6,583.44	6,454.98	0.47	339,934.61	

Note. Source: Data modified (2015).

In order to test the validity of the research hypotheses, we used an ANOVA model as can be seen in Table 4. As demonstrated in Table 4, we can know that sig. is 0.000 ( $< 0.05$ ), which means that H0 predicting that there is no significant relationship between CSR practices and financial performance has been rejected and H1 stating that CSR practices have a positive impact on financial performance in the IFIs has been accepted.

Table 4

*Result of ANOVA Analysis for CSR Practices to Profit (Dependent Variable = Profit)*

Model		Sum of squares	df	Mean squares	F	Sig.
1	Regression	1.262E+12	1	1.262E+12	51.032	0.000 <sup>a</sup>
	Residual	1.064E+12	43	2.474E+12		
	Total	2.326E+12	44			

Note. <sup>a</sup>. Predictors: (Constant), CSR practices.

Meanwhile, we measure the strength and influence of CSR practices on corporate financial performance as shown in Table 5. Based on Table 5, it is shown that the value of *R* is 0.737, meaning that there is a correlation between CSR practices and financial performance of IFIs in Indonesia with a very strong correlation and positive trend.

Table 5

*Result of Model Summary Analysis (Dependent Variable = Profit)*

Model	R	R square	Adjusted R square	Std. error
1	0.737 <sup>a</sup>	0.543	0.532	157,286.9952

Note. <sup>a</sup>. Predictors: (Constant), CSR practices.

On the other hand, as seen from Table 5, the value of *R* square is 0.543 or 54.3%. It means that CSR practices influenced financial performance Islamic banks in the amount of 54.3% and the balance of 45.7% is influenced by other factors.

Table 6

*Result of T-test for CSR Practices to Profit (Dependent Variable = Profit)*

Model		Unstandardized coefficient	Standardized coefficient	t	Sig.
1	(Constant)	57,217.317	27,318.257	2.094	0.042
	CSR practices	26.242	3.673	0.737	7.144

Furthermore, based on the result of data processing for *t*-test using SPSS Version 22 as shown in Table 6, it can be clearly seen (also in accordance with the significant and calculated means) that CSR practices are positively related to the main research variable, namely, financial performance.

Besides, the result of partial correlation analysis examining the correlation between CSR practices and financial performance with gender as a control variable is shown in Table 7. Based on Table 7, it is explained that the correlation between CSR practices and financial performance has changed from 0.737 (before using gender as a control variable) to 0.679 (after using gender as a control variable). This change indicates a decrease in the value of the correlation, though the change is still strong which is above 50%. It shows that even gender has been used as a control variable, the relationship between CSR practices and financial performance is still strong.



Table 7  
*Result of Partial Correlation Using Gender as a Control Variable*

Control variable		Profit	CSR practices	Gender
Profit	Correlation	1.000	0.737	0.440
	Significance (2-tailed)		0.000	0.002
	df	0	43	43
-None <sup>a</sup>	Correlation	0.737	1.000	0.409
	Significance (2-tailed)	0.000		0.005
	df	43	0	43
Gender	Correlation	0.440	0.409	1.000
	Significance (2-tailed)	0.002	0.005	
	df	43	43	0
Gender	Correlation	1.000	0.679	
	Significance (2-tailed)		0.000	
	df	0	42	
Gender	Correlation	0.679	1.000	
	Significance (2-tailed)	0.000		
	df	42	0	

Note. <sup>a</sup>. Cells contain zero-order (Pearson) correlations.

Moreover, the correlation coefficient also shows a positive value, which means that the relationship between CSR practices and financial performance is positive and proportional. Furthermore, we can conclude that corporations which are more obedient in distributing Zakat and Qardh will generate better financial performance.

### Conclusion and Future Research Direction

The presences of IFIs in society where the majority are Muslims, such as Indonesia, would provide enormous benefits: the availability of IFIs based on Sharia on one hand; and the implementation of the value of Islam by Muslims in the life of community on the other hand, including the implementation of CSR.

CSR is a form of responsibility of all company activities holistically to stakeholders: humans, nature, and the God. With this principle, the community could feel the usefulness of CSR practices from IFIs. CSR practices can help to systematically address stakeholder demands and secure stakeholder support and finally, it will increase the quality of financial performance (Maignan & Ferrell, 2004; Dusuki, 2008).

Based on the result of analysis above, it can be concluded that the relationship between CSR practices and financial performance is strong ( $R = 0.737$ ;  $R$  square = 0.543). It means that there is a relationship between CSR practices and financial performance of IFIs in Indonesia. The conclusion of this research reinforced the result of previous studies stating a positive relationship between CSR and corporate financial performance such as Cochran and Wood (1984), Tsoutsoura (2004), Lyon (2007), Boaventura et al. (2012), Fischer and Sawczyn (2013), and Jitaree et al. (2014).

Besides, the result of partial correlation analysis examining the correlation between CSR practices and financial performance with gender as a control variable is still strong which is above 50%. It showed that although other variable which also affected financial performance such as gender is controlled, actually, the correlation between CSR practices and financial performance is still strong. Therefore, it can be concluded that the correlation between CSR practices and financial performance is strong.

Although we found a significant relationship between CSR practices and financial performance especially for IFIs in Indonesia, which is consistent with the majority of previous studies, this study still has a limitation, as we know that this research only focuses on funding of Zakat and Qardh for CSR practices and profit for financial performance. We hope that future research can advance the variable of CSR practices to each item's activities, for example: the real CSR practice; which activities of CSR practices influence the financial performance the most? On the other hand, for future research, other measurements of financial performance, such as EPS, can also be used.

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