

## **BOARD CHARACTERISTICS, GOOD CORPORATE GOVERNANCE AND MAQÂSHID PERFORMANCE IN ISLAMIC BANKING**

Muhammad Wahyudi Pranata<sup>1</sup> and Sugiyarti Fatma Laela<sup>2</sup>

<sup>1</sup> Institut Agama Islam Tazkia, Bogor, Indonesia, wpranata56@gmail.com

<sup>2</sup> Institut Agama Islam Tazkia, Bogor, Indonesia, ela@tazkia.ac.id

### **ABSTRACT**

This research aims to examine the effect of board characteristics on the Maqâshid Shariah Index (MSI) of the performance of Indonesian Islamic banks, using panel data regression. Independent variables, namely the characteristics of the board of commissioners, board of directors, and Shariah supervisory board, are related to board internal ownership, board expertise, board independence, cross-membership of boards, and board tenure, with size and growth as controlling variables, while the dependent variable is maqâshid shariah performance in Islamic banks. The study samples include 12 Islamic banks in Indonesia which regularly published their annual reports and management over the period 2009 to 2017. The results from both models, with and without control variables, show that board ownership (commissioner and director), board cross-membership (commissioner and Shariah supervisor) and Shariah supervisor expertise do not have an impact on the MSI. Moreover, the results from the model without control variables show that commissioner expertise has a positive impact on the MSI, while board tenure (commissioner and director) and commissioner independence have a negative impact on the index. These results provide recommendations for the Islamic banking industry, so that it can be applied optimally to achieve the main objectives of the *maqâshid Shari'ah*.

*Keywords* : *Maqâshid shariah, Corporate governance, Board characteristics, Islamic bank.*

**JEL Classification:** G30; G32; L25; M48.

#### *Article history:*

Received : September 27, 2019

Revised : November 12, 2019

Accepted : April 9, 2020

Available online : May 20, 2020

<https://doi.org/10.21098/jimf.v6i1.1089>

## I. INTRODUCTION

### 1.1. Background

The market and regulators continue to assess the performance of Islamic banks on the basis of asset growth and market share, meaning there is no differentiation from conventional profit-oriented banks (Jazil & Syahrudin, 2013). At the same time, Islamic banks are part of the implementation of Islamic economic philosophy, which directs all human activities towards comprehensive achievement of human welfare in this life and also in the hereafter (falah). Falah is a real quality involved in achieving God's blessing (Rahman, 2010). Therefore, the operational activities and performance of Islamic banks should be more precisely assessed using a measurement system based on the *Maqâshid Shari'ah* (Kholid & Bachtiar, 2015). Mohammed et al. (2008) developed a measurement system of the performance of Islamic banking using the *Maqâshid Shari'ah*, called the *Maqâshid Shariah Index* (MSI), by dividing it into three objectives, namely *tahdzîb al-fardi* (educating the individual), *iqâmah al-'adl* (establishing justice), and *jalb al-maslahah* (promoting welfare).

Achieving good *maqâshid shari'ah* performance requires the implementation of the concept of good corporate governance (GCG). The governance structure of Islamic banks consists of four main organs, namely the RUPS, the board of commissioners, board of directors, and the Sharia supervisory board (SSB). Each board plays a role in accordance with its functions, duties and responsibilities in the implementation of GCG. The management of Islamic banks must refer to governance standards and guidelines that are in accordance with sharia principles to achieve *maqâshid shari'ah* (Jazil & Syahrudin, 2013).

As an organ that focuses on supervision, the Board of Commissioners is expected to apply the principles of independence and prudence and to provide advice to directors on business operations in order to create compliance with shari'ah and the implementation of good internal control, which will support the achievement of *maqâshid shari'ah*. As an organ in a company related to company operations, the Board of Directors (BOD) is expected to be professional in all its activities related to managing company resources properly and optimally. Apart from the board of commissioners and the board of directors, an important organ in Islamic banks is the Sharia supervisory board (SSB), which guarantees Shariah compliance, meaning it is expected to contribute more to the achievement of *maqâshid shari'ah* performance. The effectiveness of the SSB plays an important role in the prevention, improvement and stopping of any products or processes that save with sharia teachings.

The importance of the three types of board (commissioner, director and Shari'ah supervisor) in the structure of Islamic banks motivated this study to analyse the impact of their characteristics on the performance of *maqâshid shari'ah*. Various indicators are used to assess these characteristics.

Internal ownership (inside ownership) by directors, managers and commissioners has examined the impact on performance. This internal ownership is closely related to the principle of independence in GCG. Decision making can be objectively achieved on the condition that business people are independent; that is, they avoid domination by any party, so that they are free from the influence of certain interests, from the interests of other parties (conflict of interest) and from any influence or pressure (KNKG, 2006; GGBS, 2011). Wijethilake, Ekanayake, and

Perera (2015) found that the ownership of the board of directors in a company had a positive impact on company performance, as it increased interest in company growth.

The characteristics of the board that are important in determining organisational performance include its expertise, especially in the fields of economics and finance, including accounting (for audit committees). Increasing the effectiveness of supervision and providing advice to the directors can be achieved if the board of commissioners has expertise in economics and finance. Likewise, SSB members who are experts in the field of *fiqh muamalah* and Islamic economy and finance also greatly assist Islamic banks to achieve the specified Shari'ah compliance. The majority of previous research has shown the positive impact of the level of board expertise on organisational performance, for example, Matoussi and Grassa (2012) and Rahman and Bukair (2013).

In addition to internal ownership and board expertise, this study also analyses the effectiveness of board performance in terms of the dual position it holds. Rationally, this dual position, or cross-membership of the board, may have both positive and negative effects on bank performance. When a board member has more than one position in another company or in the same company, in general this will expand their scope of work, thereby increasing board experience. Even if the cross-membership is with another company, the positive aspect is the increasingly extensive network of councils. On the other hand, however, cross-membership will take up more board time and attention, so members may lose focus on tasks that are mandated. Empirically, Grassa (2016) revealed that cross-membership can improve the performance of Islamic banking because it can increase the knowledge and experience of the board.

One of the principles of GCG is independence, which means that managers should be professional, independent, free from the interests of other parties, and free from pressure or influence from other parties in making decisions and does not conflict with applicable laws and principles of sound governance (KNKG, 2011). The implementation of the principle of independence is supported by OJK Regulation No. 55 / POJK.03 / 2016 concerning the obligation to appoint independent commissioners in the organisational structure of public companies. Therefore, this study analyses the effect of board independence on performance. The results of the empirical research are relatively consistent with his theory that the more independent the board is (as indicated by the increasing number of independent commissioners), the better the performance of the organisation (Abidin et al., 2009; Kumar & Sivaramakrishnan, 2008; Rosenstein & Wyatt, 1990).

Independence can also be achieved by managing the tenure of the board. In Act no.40 of Limited Company, 2007 (UU Perseroan Terbatas), the tenure of the council is not determined; it is only stated that directors and commissioners can be appointed and reappointed within a certain period of time (not for life) (article 94, paragraph 3, and article 111, paragraph 3). Empirical evidence consistently demonstrates a positive relationship between board tenure and organisational performance. Vafeas (2003) argues that a longer board term shows that the board is more experienced, competent and committed to achieving superior company performance. In other words, the more experienced the board, the better it can carry out its responsibilities.

A recent significant update in this field of research is the use of board assessments with five types of measures, namely managerial ownership; the expertise of the board in the fields of economics and finance, or fiqh muamalah and Islamic economics; cross-membership; board independence and board tenure. Through these measures, it is expected that research will be more complete in relation to the characteristics of the council required. Some previous studies have conducted research on board characteristics, but only a few have made a connection with the performance of maqashid Shariah in Islamic banking. Moreover, previous studies have not used the five measurements listed above, which this study does, nor have they focused on the three types of board in Islamic banking (Jazil & Syahrudin, 2013).

## **1.2. Objective**

The objective of this study is to provide an evaluation of the practice of Islamic banking GCG and board characteristics, so that these can be maximised and optimised in their application, in order to truly achieve the main objectives of *maqâshid Shari'ah* and of corporate governance in Islamic banks.

## **II. LITERATURE REVIEW**

### **2.1. Background Theory**

Agency theory is the main foundation for the emergence of corporate governance practices. Each board plays a role in accordance with its functions, duties and responsibilities in the implementation of GCG. Agency in Islamic banking is not only between manager and owner, but also investment account holders, who invest in the bank, but do not have voting rights.

#### **2.1.1. Corporate Governance**

Corporate governance consists of two words, namely corporate and governance. The word "corporate" is an adjective, which means "various properties related to a corporation or company", while the word "governance" is a noun which means "management". Corporate governance is concerned with holding a balance between economic and social, and individual and communal goals. The corporate governance framework is used to encourage efficiency in the management and use of resources, as well as being a form of accountability for stakeholders (Choudhury & Alam, 2013).

To present the Islamic perspective of corporate governance it is not so relevant to refer to the definitions above. That is because, if the definitions are to be accepted at face value, then one ignores the substantive difference and often polarity that the Islamic worldview holds, contrary to the rationalistic origin of the occidental worldview in corporate governance and every socio-scientific matter (Choudhury & Alam, 2013).

### 2.1.2. *Maqâshid Shari'ah*

The term *maqâshid al-shari'ah* consists of two origins, namely *maqâshid* and *shari'ah*. The word *maqâshid* is the plural form of the word *maqad*, which means meaning and purpose, while the word *shari'ah* is interpreted by the laws of God that have been established as guidelines for the happiness of life in this world and the hereafter. The term *maqâshid shari'ah* means the goals that are targeted and need to be achieved from a legal determination.

“And I did not create the jinn and mankind except to worship Me.” (QS. Adz Dzariyat: 56)

Maslahah, according to Imam al-Ghazali, means to “maintain the objectives of the shari'ah”. These objectives include five basic principles: 1) safeguarding the religion (*hifzh al-din*); 2) safeguarding the soul (*hifzh al-nafs*); 3) safeguarding the intellect (*hifzh al-'aql*); 4) safeguarding posterity (*hifzh al-nasl*); and 5) safeguarding wealth (*hifzh al-mâl*) (Al-Ghazali, 1997).

Agency theory is the main foundation for the emergence of corporate governance practices. Each board plays a role in accordance with its functions, duties and responsibilities in the implementation of GCG. Because agency in Islamic banking is not just only between manager and owner, but to investment account holder.

## 2.2. Previous Studies

This section discusses the related literature on why the various corporate governance aspects of the board of directors, board of commissioners, and Sharia supervisory board matter for *Maqashid* performance. With some level of simplification, we categorise the study into five main areas: 1) board ownership, 2) board expertise, 3) board independence, 4) board cross-membership, and 5) board tenure. Some previous studies have conducted research on board characteristics, but only a few have made a connection with the performance of *maqashid* Shariah in Islamic banking. Past studies display a remarkable lack of consensus (Ness, Miesing, & Kang, 2010). The problem regarding the measurement of the performance of Islamic banking was resolved by Mohammed et al. (2008), while the relationship between corporate governance and *maqashid* performance remains a puzzle requiring further research.

### 2.2.1. Board Ownership

The impact of internal ownership on company performance has been shown to vary, thus either improving or weakening company performance. Wijethilake et al. (2015) found that a sense of company ownership in the board of directors had a positive impact on performance, as it increased interest in the company's growth.

Some research results also demonstrate the insignificance of the relationship between internal ownership and performance, because the board has no motivation for company interest and can disrupt the independence of the board. Abidin et al.'s (2009) study revealed that an insignificant sense of ownership by the board of directors could mean that directors in Malaysia were not motivated by equity interests in the company. This may be because they placed more value on advances and benefits.

### **2.2.2. Board Expertise**

Previous studies, for example Johl, Kaur, & Cooper (2015), have shown that there is a positive impact of the level of expertise of the board of commissioners on organisational performance. They demonstrated that it was important for board members to have an understanding of accounting principles and financial statements, which would lead to better board oversight, thus serving the better interests of the shareholders.

In addition, Matoussi and Grassa (2012) revealed that the presence of supervisors with accounting/financial competence in SSB had a positive and significant influence, thus helping to improve the performance of Islamic banks. SSB members should have a strong understanding of the daily operations of Islamic banks, thus helping the board of directors. Knowledge and expertise in the fields of business, finance, and accounting, accompanied by an understanding of the principles in Islamic law, can help the board to improve the performance of Islamic banks.

### **2.2.3. Board Independence**

In their research on 75 Bursa Malaysia companies, Abidin et al. (2009) revealed that independent directors have diverse backgrounds, attributes, characteristics and expertise, which can improve the board's decision making process, and have an impact on company performance. Jensen and Meckling (1976) explain that any opportunistic actions of the board of directors can be prevented by the existence of an independent commissioner with a supervisory function. Investor confidence in the company will increase with the presence of an independent commissioner, whose role is becoming more optimal. Company performance will improve if there is high proportion of independent commissioners, and share prices and stock returns for investors will increase in line with such improvement.

### **2.2.4. Dual Board Position**

Grassa's (2016) research empirically revealed that dual board position or cross-membership can improve the performance of Islamic banking as it can increase the knowledge and experience of the board. Likewise Nomran, Haron, & Hassan (2018) demonstrated that cross-membership has a positive relationship with the ROA performance of Islamic banks and that it can allow SSBs to monitor external companies and disseminate company information. However, Muda (2017) found that cross-membership did not significantly influence the disclosure of SSB compliance reports related to confidentiality and conflicts of interest, due to the fact that some Sharia supervisory councils that serve in several institutions will have special access to confidential information on relevant Islamic banks, which could have a negative impact if this were revealed to competitors.

### **2.2.5 Board Tenure**

Empirical evidence has consistently proven a positive relationship between board tenure and organisational performance. Vafeas (2003) states that a longer board



tenure shows that the board is more experienced, competent and committed to achieving superior company performance. Ness, Miesing, & Kang (2010) conducted research on 200 Standard and Poor’s (S&P) companies in 2006 and 2007, and found that members of the board of directors who had experience in company performance understood their responsibilities, were comfortable working with one each other, and that companies are more likely to efficiently utilise their assets.

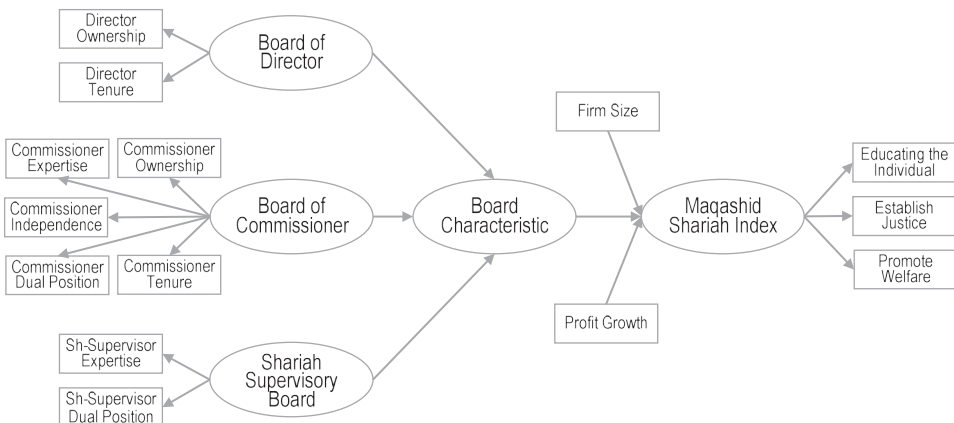
Based on the theory of the board of directors, board of commissioners, and Shariah supervisory board, together with previous empirical studies, the characteristics of the board can affect the quality of financial statements, whether measured by the level of earnings management or by the informativeness of earnings. Some previous studies have been conducted on the characteristics of the board related to performance indicators such as ROA, ROE and Tobin’s Q, amongst others, but only a few have made a connection with the performance of maqashid syariah in Islamic banking. In addition, previous studies have not used the five measurements employed in this study and have not focused on the three types of board.

**2.2.6 Maqashid Shariah Index**

Mohammed et al. (2008) developed the Maqâshid Shari’ah Index (MSI) as a way of measuring Islamic banking performance based on aspects of the *maqâsid shari’ah* by dividing it into three main objectives, namely *tahdzib al-fard* (educating the individual), *iqâmah al- ‘adl* (establishing justice), and *jalb al-maslahah* (promoting welfare).

**2.3. Conceptual Framework**

The governance structure of Islamic banks consists of four main organs: the RUPS (general meeting of shareholders), the board of commissioners, the board of directors, and the Shariah supervisory board (SSB). This research uses board assessments based on five types of measure, namely 1) board ownership; 2) board



**Figure 1.**  
**Conceptual Framework**

tenure; 3) board independence; 4) board expertise in the fields of fiqh muamalah and Islamic economic and finance; and 5) dual board position (see Figure 1).

In addition, the Maqashid shariah index (MSI) is derived from MSI developed by Mohammed et al. (2008), consisting of three maqashid Shariah components of Abu Zahrah, with the control variables of firm size and profit growth added, based on Wijayanti, Diyanty, & Laela, (2020).

### III. METHODOLOGY

#### 3.1. Data

The framework used in the study is deductive, starting with the development of a hypothesis, and followed by its testing. All Islamic commercial banks (BUS) comprised the study population, based on OJK data for 2018 these totalled 14. BUS represents the Indonesian Islamic banking industry, which publishes annual and corporate governance (CG) reports independently, unlike the Islamic Business Unit (UUS), whose annual report is integrated with its parent. From this population, 12 banks were chosen, due to the availability of complete data and full access. These consisted of BSM, BNI Syariah, BCA Syariah, Bank Jabar Banten Syariah, Maybank Syariah, Muamalat, Panin Syariah, Bukopin Syariah, Mega Syariah, BRI Syariah, Victoria Syariah, and BTPN Syariah. The study period covered 2009 to 2017, resulting in 98 book years. The election in 2009 was due to the year the Islamic banks were required to implement and report their GCG practices. This section explains the data used in this study and why they were employed, with respect to the requirements of the methods used.

**Table 1.**  
**Research Sample**

Total 12 BUS annual reports for 2009 - 2017	108
Number of BUS that did not have annual reports for 2009-2017	(14)
Number of BUS data that did not have GCG reports for 2009-2017	(1)
<b>Total annual BUS reports for 2009-2017</b>	<b>94</b>

Source: Processed secondary data

A number of Islamic banks were established after 2009, such as BTPN Syariah, established in 2008 and converted to a BUS in 2014; Maybank Syariah, established in 1959 and converted to a BUS in 2010; Victoria Syariah, established in 1966 and converted to a BUS in 2010; BNI Syariah from UUS in 2000 to BUS 2010 ; BCA Syariah and BJB Syariah, from UUS in 2000 to BUS in 2010 ; and Panin Dubai Syariah, newly established in 2010. One annual report did not include a GCG report, namely that of Bank Jabar Banten Syariah in 2011. Therefore, the final sample was 94 annual BUS reports.



### 3.2. Model Development

The *maqâshid shari'ah* index is understood as the ultimate goals of shari'ah, which lead to the value of well-being, benefits, and elimination of suffering. The index is a measurement of Islamic banking performance in accordance with its objectives and characteristics. It was developed by Abu Zahrah and divided into three sharia objectives: *Tahdzîb al-Fard* (educating the individual), *Iqâmah al-'Adl* (establishing justice), and *Jalb al-Maslahah* (promoting welfare) (Laela, Rossieta, Wijanto, & Ismal, 2018; Mohammed et al., 2008). This study adopts Ibn „Ashur's definition of the general objectives of al-Shari'ah and Abu Zahrah's classification of specific objectives (1, 2 and 3 above) as the basis for the objectives of Islamic banking. Therefore, the proposed research model equation is:

$$MSI = \beta_0 + \beta_1 BOC\_OWN_{it} + \beta_2 BOC\_EXP_{it} + \beta_3 BOC\_CRM_{it} + \beta_4 BOC\_IND_{it} + \beta_5 BOC\_TEN_{it} + \beta_6 BOD\_OWN_{it} + \beta_7 BOD\_TEN_{it} + \beta_8 DPS\_EXP_{it} + \beta_9 DPS\_CRM_{it} + \beta_{10} SIZE\_CMP_{it} + \beta_{11} GROWTH_{it} + \quad (1)$$

where MSI is the Maqâshid Shariah index;  $\beta_0$  the constants of the regression equation;  $\beta_1$ -9 the constants of the independent variables;  $\beta_{10}$ -12 the constants of the control variables; BOC\_OWN commissioner stock ownership; BOC\_EXP commissioner expertise; BOC\_CRM commissioner dual position; BOC\_IND commissioner independence; BOC\_TEN commissioner tenure or term of office; BOD\_OWN director stock ownership; BOD\_TEN director tenure; DPS\_EXP Shariah supervisor expertise; DPS\_CRM Shariah supervisor dual position; SIZE\_CMP firm size; GROWTH profit growth; and the residual or prediction error variable.

Agency theory is the main foundation for the emergence of corporate governance practices. Each board plays a role in accordance with its functions, duties and responsibilities in the implementation of GCG. Because agency in Islamic banking is not just only between manager and owner, but to investment account holder .

#### a. Dependent Variable

MSI as the dependent variable is measured following Mohammed et al. (2008), and constructed with the addition of three maqashid Shariah weighted components based on Abu Zaharah, namely:

1. Tahzîb al-Fard (educating the individual), measured by four ratios: educational aids, research, training and publication.
2. Iqâmah al-'Adl (establishing justice), measured by three ratios: fair return, functional distribution and interest-free products.
3. Jalb al-Maslahah (promoting welfare), measured by three ratios: profit return, personal income transfer (zakat) and investment in the real sector.

#### b. Independent Variables

The independent variables included in equation (1) are based on various studies, as shown in Table 2.

**Table 2.**  
**Independent Variables**

Variable:	Indicator	References
<b>Concept</b>		
<b>Ownership</b> Board share ownership in banking	Percentage of the share of ownership of the company's share capital by the board.	Horváth and Spirollari (2012)
<b>Tenure or term of office</b> The working period that has been carried out by the board to understand its duties properly.	Term of office of the council measured in years.	Vafeas (2003)
<b>Independence</b> An independent board acts in the interests of the company or an unaffiliated commissioner and no relationship with the controlling shareholder, other board of commissioners and management.	Proportion of independent directors in the company.	Abidin et al. (2009)
<b>Expertise</b> Board member which has expertise in Islamic economic & finance (IEF) and fiqh muamalah	Percentage of boards that have IEF knowledge and fiqh muamalah.	Mahmudi and Nurhayati (2014); Matoussi & Grassa (2012)
<b>Dual position</b> Board member which holds position in more than one Islamic bank or other company.	Percentage of councils that have dual positions.	Nomran, Haron, & Hassan (2018)

### c. Control Variables

Two control variables were included, namely:

1. Firm size or company size, measured by the (natural log of) total assets (Shareef & Davey, 2005).
2. Profit Growth, measured by:

$$\text{Profit growth} = \frac{\text{Operating Profit Year } t - \text{Operating Profit Year } t-1}{\text{Operating Profit Year } t-1}$$

where Operating Profit Year  $t$  = current year's operating profit and Operating Profit Year-1 = operating profit for the previous year.

### 3.3. Method

Panel data regression was used in the study analysis. This is a regression that combines both cross-section and time-series data. The advantages of using panel data include the greater degrees of freedom provided, which will produce better statistical analysis because of the relationship between cross-section and time-series data, thus overcoming the problem of omitting variables (omitted variables). Another advantage in using panel data regression is that it can explore the activities of economic actors across time and of economic agents individually.

In addition, another advantage is that it helps researchers to explore the activities of economic agents, not only between individuals but also their economic behavior across time. As for the choice of estimation method used, the common effects, fixed effects and random effects were the Chow test, Hausman test, and Langrange multiplier test (Gujarati & Porter, 2009).

The first test conducted was the classic assumption test, which included normality, heterokedasticity and multicollinearity tests. After passing the classic assumption test, selection of the assumption model and hypothesis test was then made. Three main tests were analysed: the residual significance test (F test), the determined coefficient test (R2), and the partial significance test (t test). With the panel data, STATA 13 was used as the processing tool.

## IV. RESULTS AND ANALYSIS

### 4.1. Results

#### 4.1.1. Classic Assumption

The results of the normality test from studies using this control variable indicate that the data are normal, with a probability of 0.0853 when it is  $> 0.05$  (see table 3). The multicollinearity test results between the independent variables showed all the VIF values were  $< 10$ , meaning that they were free of multicollinearity (see attachment 2a). The test of the classical assumption of heterokedasticity also shows a probability value of  $0.6080 > 0.05$ , so this passes the heterokedasticity test (see Table 3).

**Table 3.**  
**Classic Assumption**

Test	Test with Control Variable	Test without Control Variable
Normality	0.0853	0.0701
Multicollinearity	VIF $< 10$	VIF $< 10$
Heteroskedasticity	0.608	0.7825

Source: Secondary data processed by the authors

In addition, the results of the normality test from studies without these control variables indicate that the data are normal, with a probability of 0.0701, or  $> 0.05$  (see Table 3, right-hand column). On the other hand, the multicollinearity test results between independent variables show all the VIF values are  $< 10$ , meaning that they are free of multicollinearity (see Table 3, right-hand column). Testing the classical assumption of heterokedasticity also shows a probability value of 0.7825,  $> 0.05$ , so it is shown to have passed the heterokedasticity test (see Table 3, right-hand column).

#### 4.1.2. Model Selection

##### a. Testing with the Control Variable

The Hausman test results show that the fixed effects model (FEM) is better than random effect model (REM), while the Chow test results show that it is better than common effects, pooled OLS or PLS (see Table 4). Therefore, the best model with the control variable is FEM.

**Table 4.**  
**Test Summary with Control Variable**

Test	Model Tested	F Stat.	Prob.	Results
Hausman	FEM vs. REM	22.24	0.0226**	FEM
Chow	FEM vs PLS	33.25	0.0005***	FEM

Note: \*\*\* Significant at 0.01 level; \*\* Significant at 0.05 level.

##### b. Testing without the Control Variable

The Chow test results are not significant, indicating that the common effects or PLS model is better than the FEM. In addition, the LM test results are also not significant, indicating that the PLS model is better than the REM (see table 5). Therefore, the best model without the control variable is the common effects, or PLS model.

**Table 5.**  
**Test Summary without Control Variable**

Test	Model Tested	F Stat.	Prob.	Results
Chow	FEM vs. PLS	0.75	0.6662	PLS
LM	REM vs. PLS	0.00	1.0000	PLS

#### 4.1.3. Panel Data Results

Hypothesis testing was performed to determine whether there was an influence of the dependent variables (board characteristics) on the independent variables (MSI). The testing can be divided into two parts: first, testing the model using control variables (size and growth); and second, testing the model without control variables. Control variables are intended to control that the dependent variable is not influenced by independent variables outside the model. Hypothesis testing is conducted using three methods, namely the F-test, R2 test and t-test. These three tests are analysed using the fixed effects assumption model by entering the control variables .

##### a. Results with Control Variable

The results of the F test in this study have a probability value of 0.0002, or lower than 0.05, from which it can be concluded that the model is significant, implying a significant influence of the independent variables on the dependent variable.

Based on the results of the F test, the regression model in this study can be used for prediction. The result of the coefficient of determination (R<sup>2</sup>) in this study is 0.3740, since the proper R<sup>2</sup> for FEM, according to Greene (2012), is the R<sup>2</sup> within the estimator (see Table 6), meaning 37.40% of MSI can be described by the independent variables.

**Table 6.**  
**Fixed Effects Model of MSI with Control Variable**

Variable	Coefficient	Std. Error	t-Test	P-Value
boc_own	-0.0007	0.0031	-0.23	0.817
boc_exp	0.0006	0.0051	0.12	0.904
boc_crm	0.0040	0.0035	1.15	0.256
boc_ind	-0.0002	0.0058	-0.04	0.972
boc_ten	-0.001	0.0019	-0.52	0.605
bod_own	-0.1672	0.7584	-0.22	0.826
bod_ten	0.0001	0.0005	0.31	0.758
dps_exp	-0.0012	0.0050	-0.25	0.805
dps_crm	-0.0083	0.0058	-1.43	0.158
Size	0.0061***	0.0015	3.92	0.000
Growth	2.5992***	0.5487	4.74	0.000
_cons	-0.3556***	0.0665	-5.34	0.000
F (11, 71)	3.86***		<b>R<sup>2</sup> within</b>	<b>0.3740</b>
Prob > F	0.0002		R <sup>2</sup> between	0.0028
			R <sup>2</sup> overall	0.0460

Note: \*\*\* Significant at the 0.01 level

In addition, the significant variables influencing MSI are the control variables firm size and profit growth, as well as the constant. None of the main variables is a significant determinant of MSI in this model with the control variable. Profit growth is the variable that influences MSI the most.

#### **b. Results without the Control Variable**

The results of the F test have a prob value of 0.0129, or lower than 0.05, from which it can be concluded that the model is significant, implying a significant influence of the independent variables on the dependent variable. The results of the F test show that the regression model can be used for prediction. In addition, the results of the coefficient of determination (R<sup>2</sup>) amounted to 0.1287, from which it can be interpreted that the independent variables affect the performance of the *maqâshid shari'ah* of Islamic banks by 12.87%, while the remaining 87.13% of MSI is influenced by other variables not included in this model (see Table 7), including the two control variables in the previous model.

**Table 7.**  
**Common Effects Model of MSI without Control Variable**

Variable	Coefficient	Std. Error	t-Test	P-Value
boc_own	-0.0013	0.0021	-0.61	0.543
boc_exp	0.0102**	0.0043	2.38	0.020
boc_crm	0.0007	0.0031	0.23	0.820
boc_ind	-0.0119***	0.0042	-2.87	0.005
boc_ten	-0.0051**	0.0022	-2.28	0.025
bod_own	-0.0701	0.8786	-0.08	0.937
bod_ten	0.0012**	0.0005	2.15	0.035
dps_exp	-0.0044	0.0036	-1.22	0.226
dps_crm	0.0033	0.0065	0.51	0.614
_cons	0.0225***	0.0078	2.89	0.005
F (9, 84)	2.53**		<b>R<sup>2</sup></b>	<b>0.2130</b>
Prob > F	0.0129		Adj. R <sup>2</sup>	0.1287
			Root MSE	0.0088

Note: \*\*\* Significant at the 0.01 level; \*\* Significant at the 0.05 level.

Similar to the previous model results, boc\_own, boc\_crm, bod\_own, dps\_crm and dps\_exp have no impact on MSI. Moreover, the significant variables influencing MSI are the main variables boc\_exp (commissioner expertise), with a positive impact; boc\_ind (commissioner independence), with a negative impact; boc\_ten (commissioner tenure), with a negative impact; and bod\_ten (director tenure), with a positive impact, as well as the constant (see Table 7), although their coefficients are small.

#### 4.2. Robustness Test

In the robustness test, an analysis of the characteristics of the same board was conducted, but a slight change in the MSI measurement is made by measuring each dimension in the Maqashid Sharia index, namely *Tahzib al-Fard* (educating the individual) as robustness-1; *Iqamah al-'Adl* (establishing justice) as robustness-2; and *Jalb al-Maslahah* (promoting welfare) as robustness-3. The best model for Tahzib al-Fard is the common effects or PLS model; for *Iqamah al-'Adl* it is FEM; while the best model is REM (see Table 8).



**Table 8.**  
**Best Model Selection for the Three Robustness Models**

<b>Robustness-1</b>	<b>Model Tested</b>	<b>F Stat.</b>	<b>Prob.</b>	<b>Result</b>
Hausman	FEM vs. REM	13.06	0.2893	REM
Chow	FEM vs PLS	1.27	0.2537	PLS
<b>Robustness-2</b>	<b>Model Tested</b>	<b>F Stat.</b>	<b>Prob.</b>	<b>Result</b>
Hausman	FEM vs. REM	25.17	0.0086	FEM
Chow	FEM vs PLS	38.02	0.0001	FEM
<b>Robustness-3</b>	<b>Model Tested</b>	<b>F Stat.</b>	<b>Prob.</b>	<b>Result</b>
Hausman	FEM vs. REM	11.31	0.4174	REM
Chow	FEM vs PLS	46.83	0.0000	FEM

The results from the robustness-1 model of *Tahzib al-Fard*, or educating the individual, show that the model is not significant, with an F probability of 0.2537, which is greater than 0.050. Therefore, this model cannot be used to confirm the main panel data results.

**Table 9.**  
**Robustness-1 PLS Results of *Tahzib al-Fard***

<b>Variable</b>	<b>Coefficient</b>	<b>Std. Error</b>	<b>t-Test</b>	<b>P-Value</b>
boc_own	-0.0004	0.0018	-0.20	0.842
boc_exp	-0.0041	0.0034	-1.18	0.241
boc_crm	0.0015	0.0025	0.61	0.541
boc_ind	-0.0071**	0.0034	-2.08	0.040
boc_ten	0.0021	0.0018	1.16	0.248
bod_own	0.1050	0.7331	0.14	0.887
bod_ten	-0.0010**	0.0005	-2.21	0.030
dps_exp	0.0024	0.0037	0.65	0.517
dps_crm	-0.0036	0.0053	-0.69	0.493
Size	-0.0008	0.0008	-1.00	0.319
Growth	0.2988	0.5155	0.58	0.564
_cons	0.0136	0.0464	0.29	0.77
F (11, 82)	1.27		R <sup>2</sup>	0.1460
Prob > F	0.2537		Adj. R <sup>2</sup>	0.0315
			Root MSE	0.0071

In the dimensions of *Iqamah Al-Adl*, the robustness results are fairly consistent with the results of all the independent variables that do not have a significant influence on the dependent variable, *Iqamah Al-Adl*.

**Table 10.**  
**Robustness-2 FEM Results of *Iqamah al-Adl***

Variable	Coefficient	Std. Error	t-Test	P-Value
boc_own	-0.0038	0.0049	-0.77	0.444
boc_exp	0.0043	0.0081	0.53	0.599
boc_crm	0.0022	0.0055	0.4	0.691
boc_ind	0.0035	0.0093	0.38	0.704
boc_ten	-0.0026	0.0030	-0.86	0.392
bod_own	-0.2097	1.1956	-0.18	0.861
bod_ten	0.0004	0.0008	0.58	0.566
dps_exp	-0.0018	0.0080	-0.22	0.823
dps_crm	-0.0066	0.0092	-0.72	0.477
Size	0.0082***	0.0024	3.35	0.001
Growth	4.0647***	0.8651	4.7	0.000
_cons	-0.5191***	0.1049	-4.95	0.000
F (11, 71)	3.35***		<b>R<sup>2</sup> within</b>	<b>0.3416</b>
Prob > F	0.0009		R <sup>2</sup> between	0.0265
			R <sup>2</sup> overall	0.0190

In the *Jalb Al-Maslahah* dimension, the robustness results are also fairly consistent with the results of all the independent variables that do not have a significant influence on the dependent variable, namely *Jalb Al-Maslahah*.

**Table 11.**  
**Robustness-3 REM Results of *Jalb al-Maslahah***

Variable	Coefficient	Std. Error	t-Test	P-Value
boc_own	0.0000	0.0000	1.45	0.147
boc_exp	0.0000	0.0001	-0.38	0.701
boc_crm	0.0001	0.0000	1.78	0.075
boc_ind	0.0001	0.0001	1.86	0.063
boc_ten	0.0000	0.0000	0.87	0.384
bod_own	-0.0081	0.0136	-0.59	0.555
bod_ten	0.0000	0.0000	0.37	0.712
dps_exp	0.0000	0.0001	0.35	0.728
dps_crm	-0.0003***	0.0001	-3.52	0.000
Size	0.0000**	0.0000	3.14	0.002
Growth	0.0087	0.0096	0.91	0.363
_cons	-0.0015	0.0009	-1.75	0.080
Wald X <sup>2</sup> (11)	46.83***		R <sup>2</sup> within	0.2137
Prob. > X <sup>2</sup>	0.000		R <sup>2</sup> between	0.6438
			<b>R<sup>2</sup> overall</b>	<b>0.3635</b>

### 4.3. Analysis

#### 4.3.1. The Influence of Board Internal Ownership on the *Maqashid* Performance of Islamic Banks

The results from both models show that both types of board ownership (commissioner and director) do not have a significant impact on MSI, which is also confirmed by all the robustness models. These results might be related to Abidin et al.'s (2009) study, which revealed that insignificant ownership by the board of directors could mean that directors in the case of Malaysia were not motivated by equity interests in the company.

The internal ownership of commissioners and directors relates to the situation by which they are concurrently owners and managers of the company. The insignificance of the test results in this study may be because the proportion of internal ownership of the commissioners and directors is very small, averaging 0.131%; increased incentives for managers' opportunistic behaviour is possible because of this low shareholding by management (Darwis, 2009). With a small proportion of ownership compared to other majority shareholders, the board members do not have a dominant impact in making strategic policies to improve the Islamic banks' performance, arguably including that of *maqashid*.

#### 4.3.2. The Influence of Board Expertise on the *Maqashid* Performance of Islamic Banks

The results of both models, with and without control variables, demonstrate that the expertise of SSBs does not have a significant effect on the *maqashid* performance of Islamic banks, which is also confirmed by the robustness-2 and robustness-3 models. This is in line with the research of Fakhruddin and Abdullah Jusoh (2018), who found no significant relationship between SSB expertise and Shariah compliance. There is a perception that SSBs are generally not subject to tests of their credibility and integrity, as are other financial professionals such as lawyers, accountants and bankers, who are regulated by their professional bodies and bound by certain professional ethics (Andriana & Muhamad, 2015). Indeed, most SSB members in Islamic banking are Islamic scholars, only a few of whom have accounting, banking, economic and financial expertise, so they have limited knowledge of and exposure to sharia principles and product knowledge (Andriana & Muhamad, 2015).

Moreover, the results of model with control variables show that commissioner expertise does not have a significant impact on MSI, with this result supported by the robustness-2 and robustness-3 models.

These results are in line with the studies of Kutum (2015) and Shareef and Davey (2005). In this model, firm size and profit growth as control variables have the greatest effect on Islamic bank *maqashid* performance, regardless of whether or not there is good bank governance. The effect of these control variables is even more marked than that of the main variables in this study. In other words, the *maqashid* performance of Islamic banks is largely determined by their fundamental financial factors, not by board characteristics or governance.

Commissioner expertise has a significant positive impact on MSI in the model without control variables, with a small coefficient (0.0102), but it is not supported

by the robustness tests, so the result is not robust. However, some studies on financial performance show that board expertise does have a significant impact on financial performance, such as that of Prastiti and Meiranto (2013).

A greater number of boards of commissioners who have accounting, financial and economic expertise will improve the *maqâshid* performance of Islamic banking (Rahman & Bukair, 2013).

### 4.3.3. The Influence of Board Independence on the *Maqâshid* Performance of Islamic Banks

The results of the model with control variables demonstrate that there is no effect of commissioner independence on the *maqâshid* performance of Islamic banks, which is supported by the results of the robustness-2 and robustness-3 models. This result is consistent with Rahman & Haron (2019), who when measuring the proportion of independent commissioners found that the practice of corporate governance did not have a significant relationship with the level of corporate earnings management.

The existence of independent commissioners in a company merely serves to fulfil the requirements of the regulations and is formal in nature, so it has no influence on company performance. Therefore, because the existence of commissioners is only a formality, their main function of acting independently in overseeing directors' policies is ineffective. An Asian Development Bank survey, referred to by Boediono (2005), also explains the situation in which the company founders and controlling shareholders have strong control over the board of commissioners, so the performance of their duties and responsibilities becomes fruitless and not independent as a supervisory function. This occurs because the majority shareholders continue to play an important role in the company and the appointment of members of the board of commissioners is only a formality to meet regulations, so performance could decline or remain static.

The test results are relatively different when the control variables are excluded from the research model, which proves the existence of a significant negative influence of the independence of the board of commissioners on the *maqâshid* performance of Islamic banking. A higher proportion of independent commissioners in an Islamic bank will reduce its *maqâshid* performance. The significance of the test results without the control variables is in line with the research of Sheikh, Wang, & Khan (2013), which proves that independent commissioners have a significant negative relationship with company performance. This means that the greater the number of non-executive directors on the board, the lower the company performance. This negative relationship might be caused by the major shareholders, who render the independent commissioners impotent in board discussions. The reason for the negative relationship between company performance and independent commissioners is due to the very high concentration of blockholder ownership, which can interfere with effective corporate governance, and as a consequence, independent commissioners may not play an important role in it (Fauzi & Locke, 2012). The same situation also occurs in almost all Islamic commercial banks, where majority ownership is still dominated by conventional banks. This majority shareholders will have an impact on the independence of the commissioners in relation to their function as supervisors.

The results of this study support previous research conducted by Paul, Friday, & Godwin (2011), proving that as outsiders, independent commissioners can be limited in terms of information. They rely on insiders for the information needed to make the right decisions. There may also be information asymmetry. It is difficult to see how an independent commissioner can contribute to effective differential assessment of a company (Hermawan, 2011). The research of Gaur, Bathula, & Singh (2015) argues that having independent commissioners who lack sufficient knowledge of the company's strengths and weaknesses means they are unable to provide useful advice.

The difference in the test results with and without control variables can be explained by the fact that the influence of financial fundamental factors (such as profit growth and bank size) is stronger than that of governance factors on the performance of Islamic banks. The effect of governance, as measured by the independence of the board of commissioners, on the performance of *maqâshid shari'ah* is largely determined by the fundamental financial factors of the Islamic bank.

#### **4.3.4. The Influence of Cross-Membership on the *Maqâshid* Performance of Islamic Banks**

Regarding this, there is consistency in the test results with and without control variables, which proves that a concurrent SSB position and position on the board of commissioners has no significant effect on the *maqâshid* performance of Islamic banking. Muda's (2017) research also proves that a dual position does not significantly influence Islamic social reporting disclosure. Confidentiality and conflicts of interest due to the fact that some Sharia supervisory boards serve in several institutions and thus have special access to confidential information on certain Islamic banks can have a negative impact if this information is disclosed to competitors.

Muda also revealed from the results of his study that cross-membership of the board of commissioners had no effect on company performance, which in the study was measured using ROA. OJK considers that concurrent positions on boards of commissioners do not cause great losses for companies due to the absence of detailed and strict regulations regarding cross-membership of boards. OJK actually allows boards of commissioners to practise cross-membership, as evidenced by the issuance of regulation N0. 33 /POJK.04/2014 concerning Directors and Boards of Commissioners of Issuers or Public Companies, which states that members of boards of commissioners are allowed to hold multiple positions or hold cross-membership, with the limitation that they can only hold cross-membership in four other public companies as members of the board of commissioners.

#### **4.3.5. The Influence of Board Tenure on the *Maqâshid* Performance of Islamic Banks**

The related results of the testing with control variables demonstrate that the tenure of directors and commissioners has no significant effect on the *maqâshid* performance of Islamic banking. The length of tenure of a director is unlikely to improve company performance.

The results of this study also strengthen the research of Finkelstein and Hambrick (1989), who found no significant relationship between the term of office of the commissioner and company performance, as measured by ROA and PBV. In Indonesia, there is the phenomenon that the position of commissioner is given on the basis of an award or respect, not on capability, professionalism or competence. Therefore, the results of the study show that tenure does not have a significant relationship with financial performance, as measured by ROA and PBV.

Different results are shown from testing the positive effect of the variable of tenure on the *maqâshid* performance of Islamic banking without control variables. The results of this test are in line with Ness, Miesing, & Kang (2010), who conducted research on 200 Standard and Poor's (S&P) companies in 2006 and 2007, and found that members of the board of directors who had experience of company performance understood their responsibilities, were comfortable working with one another, and that companies were more likely to efficiently utilise their assets.

The test results without control variables prove that the board of commissioners has a significant negative effect on the *maqâshid* performance of Islamic banking. The results of this study support that of Vafeas (2003), who argued that members of boards of commissioners who had long terms of office may become closer to managers, and as a result their independence in the oversight and development of their duties could be compromised. Wijayanti et al. (2020) also found that with regard to successful management of firms based on previous experience, board members with a longer tenure had the tendency to dismiss environmental changes. This result also indicates that the boards of Islamic banks need to draw upon the experience obtained when the banks were still business units. Board should cooperate with all Islamic bank stakeholders. The longer the period spent in his position, the lower the company's performance because it spends time building an empire to control (Al-matari, Al-swidi, Hanim, & Ali Matari, 2012; Ng, Teh, Ong, & Soh, 2016).

## V. CONCLUSION AND RECOMMENDATIONS

### 5.1. Conclusion

The results of the models with and without control variables demonstrate that there is no significant effect of the internal ownership of the commissioners or directors on the *maqâshid* performance of Islamic Banks.

The test results with the control variables prove that there is no effect of the expertise of the board of commissioners or of the SSB on the *maqâshid* performance of the Islamic banks. However, without the variables there is a positive effect of the expertise of the board of commissioners on *maqâshid* performance.

With regard to the independence of the board of commissioners, the test results using the control variables show that this has no effect on *maqâshid* performance. However, different results were obtained from testing without the control variables, which demonstrated a significant negative effect of the independence of the board of commissioners on the *maqâshid* performance of the Islamic banks.

The test results with and without control variables prove that there is no effect of the cross-membership of the board of commissioners and SSB on *maqâshid* performance.



As for length of service on the boards of commissioners and directors, the results of testing with the control variables show no effect on the *maqâshid* performance of the Islamic banks. Without the variables, a positive effect of the tenure of the board of directors on *maqâshid* performance is indicated. The tenure variable of the board of commissioners has a negative effect on such performance.

The differences in the test results with and without the use of the control variables is an indication of the strong influence of size and the growth of operating profits as control variables that affect the *maqâshid shari'ah* of Islamic banks. The main variable is significant, but also very dependent on the control variable. The differences can also be explained by the influence of fundamental financial factors (such as earnings growth and bank size) being stronger than governance factors in Islamic bank performance.

## 5.2. Recommendations

- 1) For practitioners, greater Islamic accounting expertise by following SAS certification is needed. Moreover, further studies should pay more attention to corporate governance in Islamic banks and the effect of Shariah governance on Islamic bank behaviour .
- 2) For regulators, a mechanistic management control system should be emphasised, which is tight, direct, formal and impersonal. The role of the CG mechanism through boards should be strengthened to raise *Maqasid al-Shari'ah* achievement.
- 3) Further research is needed which focuses on the benefits of governance to equity stakeholders by investigating the relationship between corporate governance and the cost of equity capital for Islamic banks. In addition, to better explain the determinants of firm performance, future researchers should consider certain committees under the board structure, such as the risk committee, credit committee, and remuneration committee, amongst others. More importantly, the roles of internal audit and of the secretary, and the importance of board change, could be considered as important variables in explaining firm performance.

## REFERENCES

- Abdul Rahman, A. R. (2010). An Introduction To Islamic Accounting Theory and Practice. *Cert Publication*. <https://doi.org/10.1159/000475717>.
- Abidin, Z. Z., Kamal, N. M., & Jusoff, K. (2009). Board Structure and Corporate Performance in Malaysia. *International Journal of Economics and Finance*, 1(1), 150–164.
- Al-Ghazali. (1997). Al-Mustasfa. Beirut: Daar al-Ihya' al Turas al-'Araby.
- Al-matari, E. M., Al-swidi, A. K., Hanim, F., & Ali Matari, Y. (2012). The Impact of board characteristics on Firm Performance : Evidence from Nonfinancial Listed Companies in Kuwaiti Stock Exchange. *International Journal of Accounting and Financial Reporting*, 2(2), 310–332. <https://doi.org/10.5296/ijafr.v2i2.2384>.
- Andriana, I., & Muhamad, R. (2015). The Professionalism of Sharia Supervisory Boards : Issues and Challenges. *Australian Journal of Basic and Applied Sciences*, 9(12), 26–30.

- Boediono, G. S. B. (2005). Kualitas Laba: Studi Pengaruh Mekanisme Corporate Governance dan Dampak Manajemen Laba dengan Menggunakan Analisis Jalur. *SNA VIII Solo*, 172–190.
- Choudhury, M. A., & Alam, M. N. (2013). Corporate Governance in Islamic Perspective. *International Journal of Islamic and Middle Eastern Finance and Management*, 6(3), 180–199.
- Darwis, H. (2009). Corporate Governance terhadap Kinerja Perusahaan. *Jurnal Keuangan dan Perbankan*, 13(3), 418–430.
- Fakhrudin, I., & Abdullah Jusoh, M. (2018). Influence of Sharia Supervisory Board Characteristics on the Shariah Compliance. *Advances in Social Science, Education and Humanities Research*, 231, 355–357.
- Fauzi, F., & Locke, S. (2012). Board Structure, Ownership Structure and Firm Performance: A Study of New Zealand Listed-Firms. *Asian Academy of Management Journal of Accounting and Finance*, 8(1976), 43–67.
- Finkelstein, S., & Hambrick, D. C. (1989). Chief Executive Compensation: A Study Of Markets and Potical Process. *Strategic Management Journal*, 10(2), 121–134.
- Gaur, S. S., Bathula, H., & Singh, D. (2015). Ownership Concentration, Board Characteristics and Firm Performance: A Contingency Framework. *Management Decision*, 53(5), 911–931.
- Grassa, R. (2016). Corporate Governance and Credit Rating in Islamic Banks : Does Shariah Governance Matters ? *Journal of Management & Governance*, 20, <https://doi.org/10.1007/s10997-015-9322-4>.
- Greene, W. H. (2012). *Econometric Analysis* (7th ed.). New York University: Stern School of Business.
- Gujarati, D. N., & Porter, D. C. (2009). *Basic Econometrics* (5th ed.). New York: McGraw-Hill/Irwin.
- Hermawan, A. A. (2011). The Influence of Effective Board of Commissioners and Audit Committess on The Informativeness of Earnings: Evidence from Indonesian Listed Firms. *Asia Pasific Journal of Accounting and Finance*, 2(December), 1–38.
- Horváth, R., & Spirollari, P. (2012). Do The Board Of Directors ' Characteristic Influence Firm's Performance ? The U.S Evidence. *Prague Economic Paper*, 00(402), 470–486. <https://doi.org/10.18267/j.pep.435>.
- Jazil, T., & Syahrudin. (2013). The Performance Measures of Selected Malaysian and Indonesia Islamic Banks based on the Maqasid al-Shari'ah Approach. *Ijtihad*, 7(2), 279–301. Retrieved from <http://ejournal.unida.gontor.ac.id/index.php/ijtihad/article/view/89>
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the Firm : Managerial Behavior, Agency Costs and Ownership Structure. *Journal of Financial Economics*, 3(4), 305–360.
- Johl, S. K., Kaur, S., & Cooper, B. J. (2015). Board Characteristics and Firm Performance : Evidence from Malaysian Public Listed Firms. *Journal of Economics, Business and Management*, 3(2), 239–243. <https://doi.org/10.7763/JOEBM.2015.V3.187>.
- Kholid, muamar nur, & Bachtiar, A. (2015). Good Corporate Governance dan Kinerja Maqasid Syariah. *Jurnal Akuntansi & Auditing Indonesia*, 19(2), 126– 136. <https://doi.org/10.20885/jaai.vol19.iss2.art4>

- KNKG. (2011). Pedoman Umum Good Governance Bisnis Syariah. Komite Nasional Kebijakan Governance, 1–60.
- Kumar, P., & Sivaramakrishnan, K. (2008). Who Monitors the Monitor ? The Effect of Board Independence on Executive Compensation and Firm Value. *Review of Financial Studies*, 21(3), 1371–1401. <https://doi.org/10.1093/rfs/hhn010>.
- Kutum, I. (2015). Board Characteristics and Firm Performance: Evidence from Palestine. *European Journal of Accounting Auditing and Finance Research*, 3(3), 32–47.
- Laela, S. F., Rossieta, H., Wijanto, S. H., & Ismal, R. (2018). Management Accounting-Strategy Coalignment in Islamic Banking. *International Journal of Islamic and Middle Eastern Finance and Management*, 11(4), 667–694. <https://doi.org/10.1108/IMEFM-04-2017-0088>.
- Mahmudi, B., & Nurhayati, E. (2014). The Influence of Board Governance Characteristics on Intellectual Capital Performance, 4(December 1998), 95–102.
- Matoussi, H., & Grassa, R. (2012). Is Corporate Governance Different for Islamic Banks ? a Comparative Analysis Between the Gulf Cooperation Council Context. *The Economic Research Forum (ERF)*, 734(1), 1–28.
- Maulia, S. T., & Januarti, I. (2014). Pengaruh Usia, Pengalaman, dan Pendidikan Dewan Komisaris Terhadap Kualitas Laporan Keuangan. *Diponegoro Journal of Accounting*, 3(3), 1–8.
- Mohammed, M. O., Razak, D. A., & Taib, F. M. (2008). The Performance Measures of Islamic Banking Based on the Maqasid Framework, 1967(June), 1–17.
- Muda, I. (2017). The Effect of Supervisory Board Cross-Membership and Supervisory Board Members ' Expertise to the Disclosure of Supervisory Board ' s Report : Empirical Evidence from Indonesia. *European Research Studies Journal*, XX(3), 691–705.
- Ness, R. K. Van, Miesing, P., & Kang, J. (2010). Board Of Director Composition and Financial Performance In a Sarbanes-Oxley World. *Academy of Business and Economics Journal*, 10(5), 56–74.
- Ng, S. H., Teh, B. H., Ong, T. S., & Soh, W. N. (2016). The Relationship between Board Characteristic and Firm Financial Performance in Malaysia. *Corporate Ownership & Control*, 14(1), 259–268.
- Nomran, N. M., Haron, R., & Hassan, R. (2018). Shari'ah Supervisory Board Characteristics Effects on Islamic Banks' Performance: Evidence from Malaysia. *International Journal of Bank Marketing*, 36(2), 290–304. <https://doi.org/10.1108/IJBM-12-2016-0197>.
- Paul, A., Friday, O., & Godwin, O. (2011). Board Composition and Corporate Performance : An Analysis of Evidence from Nigeria. *Journal of Finance and Accounting*, 2(4), 65–73.
- Prastiti, A., & Meiranto, W. (2013). Pengaruh Karakteristik Dewan Komisaris dan Komite Audit terhadap Manajemen Laba. *Diponegoro Journal of Accounting*, 2(4), 1–12.
- Putra, B. P. D. (2015). Pengaruh Dewan Komisaris, Proporsi Komisaris Independen, terhadap Kinerja Perusahaan. *Jurnal Manajemen Teori dan Terapan*, 2, 70–85.
- Rahman, A. A., & Bukair, A. A. (2013). The Influence of the Shariah Supervision Board on Corporate Social Responsibility Disclosure by Islamic Banks of Gulf

- Co-Operation Council Countries. *Asian Journal of Business and Accounting*, 6(2), 65–104.
- Rahman, A. S., & Haron, R. (2019). The Effect of Corporate Governance on Islamic Banking Performance : A Maqasid Shari ' ah Index Approach on Indonesian Islamic Banks. *Journal of Islamic Finance*, 2117, 1–18.
- Rosenstein, S., & Wyatt, J. G. (1990). Outside Directors, Board Independence, and Shareholder Wealth. *Journal of Financial Economics*, 36, 175–191.
- Shareef, F., & Davey, H. (2005). Accounting for Intellectual Capital: Evidence from listed English Football clubs. *Journal of Applied Accounting Research*, 7(3), 78–116.
- Sheikh, N. A., Wang, Z., & Khan, S. (2013). The Impact of Internal Attributes of Corporate Governance on Firm Performance Evidence from Pakistan. *International Journal of Commerce and Management*, 23(1), 38–55. <https://doi.org/10.1108/10569211311301420>.
- Vafeas, N. (2003). Length of Board Tenure and Outside Director Independence. *Journal of Business Finance & Accounting*, 30(October), 1043–1064.
- Wijayanti, R., Diyanty, V., & Laela, S. F. (2020). Education Strategy Misfit, Board Effectiveness and Indonesian Islamic Bank Performance. *Journal of Islamic Accounting and Business Research*. <https://doi.org/10.1108/JIABR-04-2017-0052>.
- Wijethilake, C., Ekanayake, A., & Perera, S. (2015). Board Involvement in Corporate Performance: Evidence From A Developing Country. *Journal of Accounting in Emerging Economies*, 5(3), 250–268. <https://doi.org/10.1108/JAEE-12-2012-0050>.