

Islamic Corporate Social Responsibility Disclosure and Financial Performance on Islamic Banking in Indonesia

Authors : Yasmin Umar Assegaf, Falikhatun, Salamah Wahyuni

Abstract : This study aims to provide empirical evidence about the influence of Islamic Corporate Social Responsibility Disclosures of the financial performance of Islamic banking with the characteristics of the company, as a control variable in Islamic banking in Indonesia. ICSR disclosures are an independent variable, while the Financial Performance is the dependent variable (proxied by Return on Assets (ROA), Return on Equity (ROE), Income Expense Ratio (IER), and Non-net Interest Margin (NIM)). The control variables used are firm size, firm age and the type of audit. The population of the study was all Islamic Banks (BUS) operate in Indonesia. The research sample is Islamic Commercial Bank which has existed in Indonesia since 2002 and publishes financial statements between the years of 2007-2011. The sample of the study were include 31 Annual Report published. The results of this study concluded that there are significant influences between the ICSR Disclosures and financial performance. The disclosure is partially effect on ROA, IER and NIM, whereas there is no influence on ROE. Further result shows that all control variables (Firm Size, Age, and Type of Audit Companies) does not have any influence on ICSR Disclosures in Indonesia. This research gives a suggestion for further research to compare these ICSR disclosures in Indonesia with ICSR disclosures in other countries that have Islamic banking, by using other measure variables of financial performance, to get more comprehensive model and real picture.

Keywords : ROA, ROE, IER, NIM, company size, age of the company, audit type, Islamic banking

Conference Title : ICIBFC 2014 : International Conference on Islamic Banking, Finance and Commerce

Conference Location : Kuala Lumpur, Malaysia

Conference Dates : February 13-14, 2014