

The Effect Of Zakat And Islamic Corporate Sosial Responsibility (ICSR) On Company Performance

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ABSTRACT

The aims of the Research is to examine the influence of zakat and Islamic Corporate Social Responsibility (ICSR) about effort of the companies in Sharia public banks enrolled on the Indonesia Stock Exchange in 2013-2017

The method of the Research are used descriptive analysis techniques and verificative analysis. The population of the Research were 12 Sharia Retail Bank that has been enrolled on the Indonesia Stock Exchange in 2013-2017. The sample of this Research were 8 Islamic Commercial Banks multiplied by 5 years observation into 40 sample data, and the technique were used purposive sampling. The analytical instrument are used multiple regression analysis with the help of SPSS version 21.0

The Results are showed that partially zakat had an effect on effort of the company, while ICSR had no effect on it. Simultaneous test shows that zakat and ICSR have an effect on effort of the company.

Keywords: zakat, Islamic Corporate Social Responsibility (ICSR), Effort of The Company
Jell Classification :

INTRODUCTION

The emergence of Islamic financial institutions in Indonesia after Law No.10 of 1998 accompanied by such high enthusiasm from the public to utilize banking services and Islamic financial institutions. Islamic banking has progressed very rapidly with the addition of 13 Islamic Business Banks (Bank Umum Syariah/BUS) in 2016 and 21 Islamic Business Units (UUS) (SPS OJK, 2016).

In the midst of the increasing needs of the Indonesian people related to Islamic banking services, it caused quite fierce competition between Islamic banks. Thereby, Islamic banking began to improve the company's performance in order to have added value. Kartika (2016) mentions that in an increasingly competitive banking world requires information that can provide an overview of the company's performance. To find out the extent of the company's success, we need an assessment or measurement of the performance that has been carried out by the company in implementing the strategies that have been set.

According to data from the Islamic Banking Statistics Financial Services Authority (SPS OJK) (2014) the level of profitability of Islamic banking at the end

of 2014 was lower than conventional banking. Return on Assets (ROA) of Islamic banking at the end of 2014 was 0.80% while at the end of 2013 it was 2%, whereas the rate of Return on Equity (ROE) of Islamic banking had decreased from the previous year i.e. from 17.24% to 5, 85%. The decrease was due to the high level of Non Performing Finance (NPF) throughout 2014 which resulted in a decline in profitability of Islamic banks. Deceleration of Indonesia's economic performance has affected the performance and condition of the banking industry, including Islamic banking. The performance of Islamic Commercial Banks is seen still not quite stable, this also due to the presence of Islamic Commercial Banks in Indonesia, which mostly new, thus bank operations are still trying to increase the market share (Firmansyah and Rusydiana, 2013). In addition to the financial performance of Islamic Commercial Banks, there are other things that must be considered in order to increase added value for the company, that is the social performance of Islamic Commercial Banks. However, Islamic banks must also carry out their role in providing welfare to the community, this is the role of Islamic

banks in social functions (Indriastuti and Ifada, 2015). According to Firmansyah and Hariyanto (2014), currently the orientation of the company has begun to include other objectives, i.e. how to build social welfare in the corporate environment or known as Corporate Social Responsibility (CSR). In this case, the social performance that must be considered is *zakat* and Islamic Corporate Social Responsibility (ICSR). Meanwhile according to Khursid et al. (2014), Islamic CSR is a concept of Corporate Social Responsibility with dimensions of Islamic economics, Islamic legal, Islamic ethics, and Islamic philanthropy based on Islamic values in Quran and hadith.

Zakat and ICSR are two interrelated things, because ICSR will disclose the *zakat* funds managed and utilized by companies for their CSR activities. *Zakat* as a social aspect of the company is expected to be able to improve the company's image because the company can provide information about CSR, thus the company's business transactions will increase. *Zakat* can also be used as a driver to make a profit. In general, investors will invest to get the high returns, so this profitability information is very relevant. In this case the *zakat* of the company referred to is the *zakat* which paid by the company from the total profit the company makes. Law No. 23 of 2011 on the management of *zakat* states in article 1 section (2) that *zakat* is a wealth that must be issued by a Muslim or business entity to be given to those entitled to receive it in accordance with Islamic law. The article indicates that a business entity, such as company, can also carry out *zakat* initiatives for its company. However, based on Bank Muamalat Indonesia's financial statements period 2012-2014, an increase in the allocation of *zakat* funds from the previous amount of Rp. 10,535,000,000.00 to Rp. 18.509,000,000.00 is not directly proportional to the return on assets (ROA) which decreased from the previous 1.54% to 1.37%. These results are different from the results of research conducted by Sidik and Reskino (2016) which states that *zakat* has a significant effect on the financial performance of Islamic banks.

Besides *zakat*, ICSR can also affect the performance. Corporate Social Responsibility (CSR) is the process of communicating the social and environmental impacts of an organization's economic activities on specific groups of interest and on society as a whole. According to Lacko (2014) one of the advantages of companies who implementing CSR on an ongoing basis is profitability and financial performance which is getting stronger.

Previous research conducted by Arifin and Wardani (2016) stated that ICSR affects the performance of a measured company which is proxied by ROE. While according to research conducted by Sidik and Reskino (2016) shows that ICSR is only positively related to company performance but does not have a significant effect.

LITERATURE REVIEW

Signaling Theory

This theory is used to explain the purpose of disclosing CSR for the company. In addition, the signal theory explains how management is able to give signals of success or failure that will be conveyed to the owner. In line with this statement according to Sidik and Reskino (2016) this theory states that disclosures that are more informative and open are aimed at giving signals or promoting something from the company, thus people will judge the company better than other companies.

In general, signaling theory is closely related to the availability of information. Companies should provide more information than expected because this is related to the management's view of the company's prospects, thus that the company's value will increase. Thereby it certainly becomes a motivation for large companies in expressing CSR initiatives, with the hope that the company receives a good response that can increase the value of its company in the market (Sidik and Reskino, 2016).

Shari'a Enterprise Theory

According to Sidik and Reskino (2016) this theory is used to understand corporate stakeholders in the perspective of Islamic religion. This

theory states that corporate stakeholders are not only humans and nature around them, but also God. According to Triyuwono (2007), shari'ate enterprise theory was developed based on the "zakat metaphor" which basically has a balance character.

Shari'ate enterprise theory has a broader vision, which appears in the broad range of stakeholders. According to this theory, stakeholders include groups of people and nature (Triyuwono in Mulawarman, 2006).

Corporate Zakat

Zakat is a part of the financial management of Muslims which aims to distribute halal assets to those in need. Also based on the word of Allah SWT in Q.S. At-Taubah: 103 *zakat* aims to cleanse and purify our possessions.

"Take, [O, Muhammad], from their wealth a charity by which you purify them and cause them increase, and invoke [Allah's blessings] upon them. Indeed, your invocations are reassurance for them. And Allah is Hearing and Knowing." (9:103).

According to Qardhawi (2007: 35) *zakat* is etymologically means growing, developing, fertile, increasing, purifying, and cleaning. *Zakat* is a component of social disclosure of financial statements (Corporate Social Responsibility), meaning that *zakat* is one of the concepts of social responsibility that is very inherent in the activities of *sharia* companies (Ilmi, 2011).

There are two opinions on the obligation to pay *zakat* for the company. According to PSAK 59 (2002) companies must pay *zakat*, thus the *zakat* post is a part that must be disclosed in the income statement. However, according to PSAK 101 (revised 2007, revised 2011, exposure draft 2014) companies are not required to pay *zakat*, thus *zakat* is no longer a post that must be disclosed in the income statement.

Harahap (2001: 307) mentions several methods in calculating *zakat* on commerce, especially for companies, based on opinions expressed by other parties, as follows:

1. According to T.E Gambling and R.A Karim
Trade *zakat* are imposed on the net value of wealth, i.e. (capital + net

profit) x 2.5% or on working capital or net income.

2. According to Yusuf Qardhawi
Someone who has a trading wealth that has been one year and at the end of that year, is obliged to issue *zakat* of 2.5% calculated from capital and profits. As for fixed assets, *zakat* is not required unless the fixed assets generate profits or income, then the *zakat* on fixed assets is 10% of net proceeds after deducting expenses. But if the net yield is impossible to know, then *zakat* is subject to 5% of the entire yield.
3. According to DKI Baziz
DKI Bazis calculates *zakat* from current assets in accordance with the annual balance sheet, which is money in cash and banks, securities, inventories, diminished by liabilities to be paid with a provision of 98 grams of pure gold and *zakat* tariff of 2.5%. In this calculation, fixed assets and long-term debt are not counted.
4. According to the Malaysian Takaful Sharia Sdn. Berhad
Zakat is calculated at 2.5% of profit before tax.
5. According to Bank Muamalat Indonesia
Corporate *Zakat* is calculated as 2.5% of the company's profit before tax (profit calculated according to accounting principles) in force (PSAK).

Based on these definitions, it can be concluded that the corporate *zakat* can be calculated with two ways, i.e. 2.5% of the balance sheet and 2.5% of profit before tax.

Islamic Corporate Social Responsibility (ICSR)

Islamic Social Reporting is a social performance reporting standard for companies based on *sharia*. This index was born and developed on the basis of reporting standards based on AAOIFI (Accounting and Auditing Organizations for Islamic Financial Institutions) which were then developed again by each subsequent researcher.

According to Haniffa (2002), the objectives of social reporting in an Islamic perspective are as follows:

- a. Demonstrate accountability to God and society.
- b. Increase transparency of business activities by presenting relevant information by pay attention to the spiritual needs of Muslim investors in making decisions.

According to Sidik and Reskino (2016), this index consists of 4 (four) disclosure categories, i.e. financing and investment, products and services theme, employees theme, social, environment and corporate governance theme.

This index also gives attention to social justice related to the environment, minority rights and employees (Fitria and Hartanti, 2010).

Company Performance

Performance is an important thing that must be achieved by every company everywhere, because performance is a reflection of the company's ability to manage and allocate its resources (Febryani and Zulfadin, 2003). According to Mudiarsan et al., In Asrori (2014) states that the measurement of Islamic bank performance using the Shari'ah conformity and profitability model developed based on Islamic financial ratios (Shari'ah conformity) and conventional financial ratios of profitability.

However, the measurement of Islamic banking performance in Indonesia is regulated based on Peraturan Bank Indonesia (PBI) and Peraturan Otoritas Jasa Keuangan (POJK). Based on BI Regulation No. 9/1 / PBI / 2007 on the Health Level Rating System for Commercial Banks Based on *Sharia* Principles, article 3, assessment of the health level of Islamic banks consists of 6 components, i.e. Capital, Assets, Management, Earning, Liquidity, and Sensitivity to Market Risk, or often abbreviated as CAMELS. Whereas, according to Otoritas Jasa Keuangan (OJK) regulation (2014), the regulation only consists of 4 components, i.e. risk profile, good corporate governance, earnings, and capital (article 6 POJK No. 8 / POJK.03 / 2014).

Conceptual Framework

The Relations of Zakat and Company Performance

Zakat as a social aspect of the company is expected to be able to increase the value of the company itself because the company can provide the information about social responsibility (Corporate Social Responsibility), thus the business transactions within the company will increase.

The added value provided by *zakat* to the company is the increase in company performance. This is in line with research conducted by Sidik and Reskino (2016), Fauzi (2014) and Amira and Raharjo (2014) which states that *zakat* has a positive and significant influence on the performance of Islamic bank companies in Indonesia.

H₁: *Zakat* has a significant effect on Company Performance.

The Relations of Islamic Corporate Social Responsibility and Company Performance

The ICSR concept is a development of conventional CSR. Based on SET, Islamic banking must pay attention to relations with the surrounding environment. This theory states that corporate stakeholders are not only humans and nature around them, but also God. In addition, the application of ICSR can improve the company's image, thus the company's performance also increases. Research examining the effect of ICSR on performance has been carried out previously by Arshad et al. (2012)

H₂: ICSR has a significant effect on company performance.

The Relations of Zakat and Islamic Corporate Social Responsibility with Company Performance

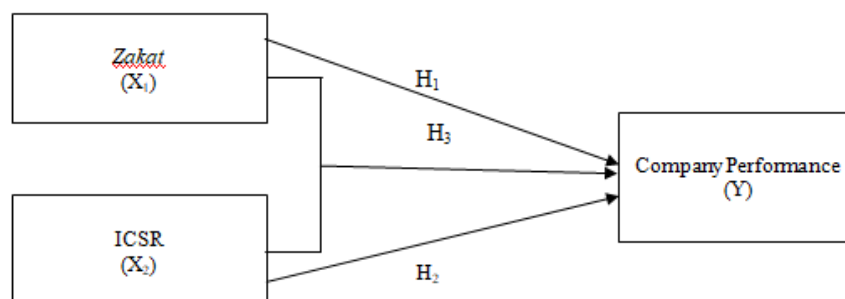
Zakat that has been carried out by a company will be viewed by the community with a good impression that later the community will become new customers or investors for the company with this will certainly benefit the company and be a measure that the company's performance is efficient, with this good impression also is one of the assets that can be the company's capital to achieve superior performance from competitors. The success of the company in carrying out Islamic philanthropic activities can reach from stakeholders

who are able to expand access to resources and improve company performance. Thus *zakat* and ICSR can

simultaneously improve and make a better company performance.

H₃: *Zakat* and ICSR significantly influence company performance.

Figure 2.1
Research Paradigm



METHOD, DATA, AND ANALYSIS

Research Object and Location

The objects in this study are:

1. *Zakat* (X₁)

Zakat is calculated using the formula:

$$\text{Zakat} = 2.5\% \times \text{Profit Before Tax}$$

2. Islamic Corporate Social Responsibility (ICSR) (X₂)

ICSR

$$= \frac{\text{Item disclosed}}{\text{Total number of disclosure items}} \times 100\%$$

Source: Haniffa & Othman (2014)

3. Company Performance (Y)

Financial performance in this study was proxied by Return On Assets (ROA) in Islamic banking.

$$ROA = \frac{\text{Net Income After Tax}}{\text{Total Assets}} \times 100\%$$

Source: Agus Sartono (2010:123)

The location in this study is a *Sharia* Commercial Bank listed on the Indonesia Stock Exchange (IDX) in 2013-2017.

Population and Sample

Sugiyono (2017: 80), defines that the population is a generalization area consisting of objects / subjects that have certain qualities and characteristics determined by researchers to be studied and drawn conclusions afterwards. Based on this explanation, the population in this study is the financial statements of

There are six ICSR disclosure themes in the ISR framework, i.e.:

- a) Finance and Investment
- b) Products and services
- c) Employees
- d) Society
- e) Environment
- f) Governance

Islamic Banking in Indonesia period 2013-2017, which in total 8 banks.

Sugiyono (2017: 81) also defines that the sample is part of the number and characteristics possessed by the population. To determine the sample that will be used in this study, the researcher will use a purposive sampling technique. According to Sugiyono (2017: 85), purposive sampling is a technique for determining the sample under certain considerations. Sample selection considers the following criteria:

1. Samples are *Sharia* Commercial Banks registered on the IDX during 2013-2017.
2. The company actively publishes annual reports during the period in question.
3. Samples are *Sharia* Commercial Banks that pay or do not pay *zakat*, disclose or do not disclose ICSR.
4. There is access to obtain company annual report data.

Based on the purposive sampling method, there are 40 samples of *Sharia* banking samples from 2013-2017.

Data Collection Technique

The data used in this study are secondary and quantitative data. In this study, researchers used documentation data. Documentation was carried out by gathering documentary data sources such as annual reports. The data used was obtained from the annual report of Indonesia *Sharia* Commercial Banks in 2013 - 2017 which can be downloaded from its official website, www.idx.co.id and the company's website.

Data Analysis Method

This study using descriptive statistical testing, classical assumption tests, and hypothesis testing to analyze data. To analyze data with multiple linear regression analysis SPSS is used. Models of multiple regression equations that can be obtained in the analysis are:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Source: (Sugiyono, 2014:275)

Information:

Y = Performance

X₁ = Zakat

X₂ = ICSR

b = Regression coefficients of each independent variable independent

a = Constant

RESULT AND DISCUSSION

Descriptive Research

Descriptive analysis is an analysis used to analyze data by describing or describing the data collected as it is without intending to make generally accepted conclusions or generalizations. The data described in this study are about *Zakat*, Islamic Corporate Social Responsibility (ICSR) and Company Performance. The following is the *Sharia* Commercial Bank variable data listed on the Indonesia Stock Exchange (IDX) in 2013-2018.

Table 4.1

	N	Minimum	Maximum	Mean	Std. Deviation
ZAKAT	40	2000000.00	507940800000	8620756776	11201681860
ECSR	40	58, 5	83,3	69,725	5,270321
PERFORMANCE	40	0,02	2, 87	0,67	0,581451
Valid N (listwise)	40				

Source : SPSS output version 21, self-processed data, 2019

Descriptive Analysis Results

Based on the table above, it can be seen the lowest, highest and average values of the studied variables with the number of observations of 50 *Sharia* Commercial Banks listed on the Indonesia stock exchange in 2012-2016.

Classical Assumption Testing

Normality test

Normality test aims to test whether in the regression model, the dependent and independent variables both have normal distributions or not. A good regression model is to have a normal or near normal data distribution, thus it is feasible to test statistically. The following are the results of the analysis using the P-Plot graph:

**Figure 4.1
P-Plot Graph**



Source: SPSS output version 21, self-processed data, 2019.

Based on the picture above, it can be seen that the data spreads around the diagonal line and follows the direction of the diagonal line, then the regression model meets the normality assumption.

Multicollinearity Test

Multicollinearity test aims to test whether the regression model found a correlation between independent variables. A good regression model should not occur correlation between independent variables.

Table 4.2

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
ZAKAT	1.000	1.000
ICSR	1.000	1.000

Source : SPSS output version 21, self-processed data, 2019.

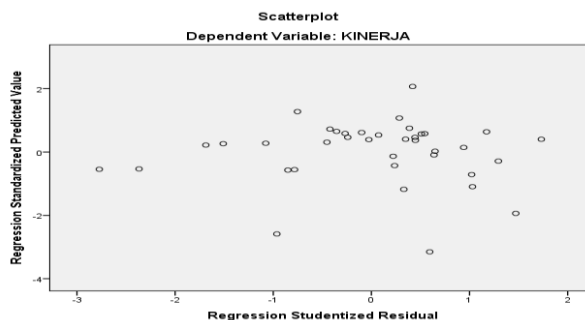
Multicollinearity Test Results

Based on the multicollinearity test, *Zakat* has a VIF of 1,000 <10 and tolerance calculation results of 1,000 > 0.10. Thus it can be concluded that there is no multicollinearity between independent variables in the regression model.

Heteroscedasticity Test

A good regression model is homoscedasticity or heteroscedasticity does not occur (Gozali, 2012). The following are the results of the heteroscedasticity test:

Figure 4.2
Heteroscedasticity Test Results



Source: SPSS output version 21, self-processed data, 2019.

Based on the figure above, visible points spread randomly and both up and down the number 0 on the Y axis. It can be concluded that there is no heteroscedasticity in the regression model, thus the regression model is feasible to predict net income based on input of the independent variable *zakat* and ICSR.

Autocorrelation Test

A good regression model is a regression that is free from the problem of autocorrelation ie the sample variant cannot describe the population variable. To detect the absence of autocorrelation, a Durbin-Watson test (DW Test) can be performed. The following are the results of the autocorrelation test:

Table 4.3

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,512	,262	,220	,99866	1,741

- a. Predictors : (Constant), ICSR, ZAKAT
- b. Dependent Variabel: PERFORMANCE

Source: SPSS output version 21, self-processed data, 2019.

Autocorrelation Test Results

Based on the results shown in the table above, the DW value is 1.741 with a sample size of 39 (n) and the number of independent variables 2 (K = 2), the lower limit value of D-L is 1.3821 and the upper limit value of DU is 1.5969 . Based on the table "decision making there is no autocorrelation", the Durbin Watson testing criteria value $D_u < d < 4-d_u$ or $1,5969 < 1,741 < 2,4031$ thus it can be concluded that the basis of the decision

there is no positive autocorrelation, the decision is rejected.

Multiple Regression Analysis

Multiple regression analysis is used by the researcher, if the researcher intends to predict how the condition (ups and downs) of the dependent variable (criterion), if two or more independent variables as a predictor factor in manipulation (in the ups and downs of the value). The following is the result of multiple linear regression analysis:

Table 4.4

Model		Unstandarzed Coefficients	S.td Error	Standardized Coefficients	t	Sig.
		B		Beta		
1	(Constant)	1.357	2.178		.623	.537
	ZAKAT	.218	.067	.470	3.238	.003
	ICSR	-.340	.257	-.192	-1.325	.194

Source: SPSS output version 21, self-processed data, 2019.

Results of Multiple Linear Regression Analysis

Based on the table above, it can be seen the constant value (a) by 1.357, beta (b1) by 0.218 and beta (b2) by -0.340 thus obtain the following equation:

$$Y = \alpha + b_1X_1 + b_2X_2 + \varepsilon$$

$$\text{Performance} = 1,357 + 0,218 X_1 - 0,340 X_2 + \varepsilon$$

From the multiple linear regression equation above, it can be explained that the constant (α) by 1.357 means that if the variables X1 and X2 are considered constant (value 0), then the value of Y remains at 1.357. Regression coefficient

X1 by 0.218 indicates a positive (unidirectional) relationship which means that each increase of X1 by 1% causes Y to increase by 0.218 assuming the other variables are constant (ceteris paribus). The regression coefficient X2 value is -0.340 indicates a negative relationship (inverse) which means that each increase of X2 by 1% will cause Y to decrease by -0.340 assuming the other variables are constant (ceteris paribus).

Hypothesis testing

Determination Coefficient Analysis

Table 4.5

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.512 ^a	.262	.200	.99866	1.741

a. Predictors : (Constant), ICSR, ZAKAT

b. Dependent Variabel: PERFORMANCE

Source: SPSS output version 21, self-processed data, 2019.

**Results of the Determination
Coefficient Analysis**

From the table above, it is known that the value of Adjusted R Square = 0.220 which means 22%. This shows that the Islamic Corporate Social Responsibility (X1) and *zakat* (X2) variables have a contribution of 22% to the Company's Performance as measured by Return on Assets (ROA) (Y), whereas the remaining

72% is explained by other variables outside the independent variable which is used or influenced by other factors. The value of R = 0.512a indicates that the Islamic Corporate Social Responsibility (X1) and *zakat* (X2) variables have a strong relationship with the performance of the company at Islamic Banks in 2013-2017.

Hypothesis Testing

Table 4.6

Model		Unstandarzed Coefficients	Standardized Coefficients	t	Sig.
1	B (Constant)	1.357	Beta	.623	.537
	ZAKAT	.218	.470	3.238	.003
	ICSR	-.340	-.192	-1.325	.194

a. Dependent Variabel: PERFORMANCE

Source: SPSS output version 21, self-processed data, 2019.

Test Analysis Results test

The Effect of *Zakat* on Company Performance

Based on the results of the study, it can be seen that the t_{count} on the *zakat* variable is 3.238 with a significance value of 0.003 because the $t_{count} > t_{table}$ is $3.238 > 2.02809$ and the significance of 0.003 < 0.05 then H_1 is accepted. This means that *zakat* has a significant effect on company performance.

In theory, the *zakat* paid and distributed by the company will provide added value to the company and a good response from the public. Disclosure of *zakat* that is carried out consistently will be embedded in the minds of the community, which over the time will shape people's trust in the company. The results of this study are in line with the results of research conducted by Sidik and Reskino (2016), Amirah and Raharjo (2014) which states that *zakat* has a significant effect on company performance.

The Effect of ICSR on Company Performance

Based on the results of the study, it is known that the t_{count} value on the ICSR variable is equal to -1.325 and is negative with a significance value of 0.194.

Because the value of $t_{count} < t_{table}$ is $-1.325 < 2.02809$ and the significance is $0.194 > 0.05$, H_0 is accepted. This means that ICSR has no significant effect on company performance.

ICSR is a form of corporate sensitivity to the needs of stakeholders, in this case when referring to *Sharia* Enterprise Theory, the intended stakeholders are God, direct stakeholders, indirect sake holders, and nature.

The results of this study indicate that ICSR has no significant effect on company performance, thus it is in accordance with the results of research conducted by Sidk and Reskino (2016). According to Hill et al (2007) in Sutedi (2015), taking the benefits of CSR investment in order to create value for the company requires a long time. Globally, companies who carrying out CSR have not experienced a significant increase in the value of shares in a period of 3 to 5 years. However, within a period of (10 years) companies committed to CSR experienced a significant increase in share prices to beat their competitors in the market. Based on this opinion, then the benefits of CSR to company performance can be taken in a long period.

Table 4.7

Model		Sum of Square	Dr	Mean Square	F	Sig.
1	Regression	12.379	2	6.189	6.206	.005 ^b
	Residual	34.906	35	.997		
	Total	47.285	37			

a. Predictors : (Constant), ICSR, ZAKAT

b. Dependent Variabel: PERFORMANCE

Source: SPSS output version 21, self-processed data, 2019.

Test Analysis Results F

The Effect of *Zakat* and ICSR on Company Performance

Based on the table above, it shows that the F_{count} value by 6.206 with a significance value by 0.005. Because the value of $F_{count} > F_{table}$ is $6.206 > 3.27$ and the significance is $0.005 < 0.05$ then H_0 is rejected. This means that *zakat* and ICSR simultaneously have a significant effect on company performance.

The results of this study are also supported by the opinions of Sidik and Reskino (2016) who state in their research that *Zakat* and Islamic Corporate Social Responsibility (ICSR) simultaneously have a significant effect on company performance.

CONCLUSION

- Zakat* has a significant influence on company performance. This because *zakat* has more value that will lift the image and reputation of the perpetrator. With the image of the company, consumer will being loyal to the company's products, thus this can improve the company's performance.
- Islamic Corporate Social Responsibility (ICSR) has no significant effect. This because the research period is not long enough. Globally, companies conducting CSR have not experienced a significant increase in the value of shares in a period of 3 to 5 years.
- Zakat* and ICSR simultaneously have a significant effect on company performance. This indicates that *zakat* and ICSR can increase the income of Islamic banking because both of them are one of the social contributions which in turn will provide more value.

IMPLICATION/LIMITATION AND SUGGESTION

- The company should increase its concern for the surrounding community and the wider community through the implementation of *zakat*. Indirectly, the company will get more value in the form of a good reputation which is optimal and efficient capital to improve company performance.
- The company should pay more attention in distribute its ICSR to internal and external stakeholders, this can improve the company's image and loyalty.
- This research is only conducted on Islamic banking in Indonesia. Future studies are expected to be able to test on other *sharia* industry sectors.

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