

ABSTRACT

Yesi Desiskawati. 2015, THESIS. Title: “The Influence of Financial Performance Based on Islamicity Performance Index on Islamic Social Reporting Disclosure (Case Study on Islamic Banking in Indonesia)”

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Keywords :Financial Performance, Islamicity Performance Index, Islamic Social Reporting

Islamic banking in Indonesia now a days has been increasing in both the quantity and quality. The concept of social responsibility is developing both in conventional economy and Islamic economy. It also make the Islamic banking in Indonesia evaluating its business performance. Islamicity performance index is one method to financially evaluate the performance of Islamic banking and evaluate their fairness principle, Halal and the purification.

This study aims to examine the influence of financial performance based on Islamicity Performance Index on Islamic Social Reporting Disclosure of Islamic banking in Indonesia. The sample in this study employs 8 Islamic commercial banks listed on Bank Indonesia in the period 2010-2013. The researcher employs a purposive sampling method. The data used is a secondary data from the annual report of Islamic banks. The method of analysis in this study is multiple regression analysis. Hypothesis testing employs partial test (T-test) and simultaneous test (F-test).

The result shows that partial variable of Profit Sharing Ratio, Zakat Performance Ratio, Islamic Investment vs. Non Islamic Investment and Islamic Income vs. Non Islamic Income have no influence on the Islamic Social Reporting Disclosure of Islamic banking at 5% significance level. Variable of Equitable Distribution Ratio and Director-Employee Welfare Ratio have a significant influence on the Islamic Social Reporting Disclosure. Simultaneous result shows that financial performance based on Islamicity performance index influences the Islamic Social Reporting Disclosure of Islamic banking in Indonesia. It shows that the implementation of sharia principals will influence Islamic social reporting disclosure of sharia banking.