MAQASID SHARIAH BASED PERFORMANCE OF ISLAMIC BANKS, ISLAMIC CORPORATE GOVERNANCE, AND CONTINGENCY THEORY: A THEORETICAL FRAMEWORK

Sukma Lesmana 1
Md. Harashid Haron 2

1 Economic and Business Faculty, Muhammadiyah University of North Sumatera (UMSU), Indonesia, Email: sukmalesmana@umsu.ac.id
2 School of Management, Universiti Sains Malaysia (USM), Malaysia Email: harashid@usm.my

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Abstract: This paper is a theoretical framework with a method of literature review aimed at analyzing performance of Islamic bank influenced by the accounting control system, contingency factors and Islamic corporate governance. Islamic banks should measure performance based on the maqasid Shariah in applying Islamic principles. Islamic banks have not yet completely assessed their performance on the basis of the maqasid Shariah in practice, despite having enough data to calculate it. Based on the theory of contingency, the accounting control system used to achieve company performance must be fit (match) with contingency factors (such as environmental uncertainty competitive strategy, organizational structure and human behavior variables). Islamic banks require the convergence of the accounting control system with Islamic corporate governance to affect maqasid Shariah based the performance of Islamic banks. There doesn't seem to be have been any empirical evidence to examine it, therefore this paper suggests a model to be examined for future research.

Keywords: Performance of Islamic Bank, Maqasid Shariah, Accounting control system, Islamic Corporate Governance, Contingency Theory

Introduction

Shariah Banking was founded about 44 years ago and has been experiencing rapid growth globally since then. Shariah Banking is a success story of Islamic economics in general and Islamic finance and banks in particular (Hassan & Aliyu, 2018; Olson & Zoubi, 2017; Siswanti, Salim, Sukoharsono, & Aisjah, 2017). Shariah banking has also proven that it could survive in times of crisis (Cader et al., 2013; Massoud, 2015). However, challenges faced must still be addressed so that these industries can operate in line with their vision and mission of performing banking transactions with Islamic principles. The Dubai Islamic Bank was established in 1975
and is known as the first Islamic bank to incorporate the principles of Shariah. Nowadays, there are many Islamic banks specifically tailored for customers who want to borrow and invest according to their personal beliefs as Muslims (Misbach, Surachman, Hadiwidjojo, & Armanu, 2013; Radiah, Roza Hazli, Norhafizan, & Nurhidayah, 2014; Wulandari & Subagio, 2015). There has been large-scale growth in Islamic finance and banking in Muslim countries and around the world during the last 44 years. This growth is influenced by factors including the introduction of broad macroeconomic and structural reforms in financial systems, capital liberalization, privatization, global financial market integration and the introduction of innovative and new Islamic products (Kabir Hassan, Sanchez, & Faisal Safa, 2013; Mohammed & Taib, 2015; Zaher & Kabir Hassan, 2001)). Although the Islamic financial system was concentrated just in the country during its early development, its growth internationally has seen a positive trend with the creation of growth in the number of Islamic financial institutions, with shareholders from various countries (Zin et al., 2011).

There are many reasons for the growth of the Islamic financial sector in recent years, below are among the reasons (Elasrag, 2010):

1. The flow of funds into Muslim oil-producing states.
2. Growing political and social desire in the Muslim world for financial alternatives to banking moreover, investment institutions that have been historically dominated by the West.
3. The spreading of the credit crisis in the global financial markets and the need to access new sources of investment capital.
4. The growth of sovereign wealth funds and the desire to have shariah compliant instruments through which to invest them; and
5. The rapidly accelerating number of cross-border multi-jurisdictional financial transactions that are possible and required in a globalized world economy assets held by Muslim investors worldwide now exceed $1.6 trillion and that amount is expected to grow to $2.7 trillion in 2010.

Features specific to Islamic finance compound these concerns. First, there is a divergence between the theory of Islamic finance and the way it is practiced (Abduh & Azmi Omar, 2012). Second, Islamic Finance Institutions (IFI) have to compete with conventional financial intermediaries while they do not have access to similar risk management tools (Olson & Zoubi, 2017; Safiullah & Shamsuddin, 2018). Third, each the Islamic Finance Institutions business conduct is idiosyncratic, shaped by its Shariah board, local legal tradition and interpretations, and the specific market competitive pressure (Azhar Rosly, 2010; Othman et al., 2013). Fourth, in many jurisdictions, Islamic Finance Institutions need to comply with conventional finance regulations that may not be adapted to the business (Hanif, 2010). Fifth, different schools of thought on Islamic finance offer different interpretations of permissible financial contracts (El-Hawary, Grais, and Iqbal 2007).

Company performance is affected by the accounting control system as a formal control system that depends on contingency variables. To achieve bank performance it is necessary for banking management to understand the importance of the suitability of designing the accounting control system with contingency factors. All organizations must accomplish what is required, but they must have different performance characteristics in accordance with corporate governance principles (Behn, 2003; Demise, 2006; Lockwood, Davidson, Curtis, Stratford, & Griffith, 2010). Islamic banks differ in character from conventional banks as they differ in corporate objectives, design of control systems, and different principles of corporate governance. Islamic
banks have corporate objectives that must be associated with maqasid shariah so that the performance of sharia banks can lead to maqasid shariah being achieved. Therefore, to achieve the performance of Islamic banks based on Maqasid shariah, the accounting control system as a formal control system in Islamic banks must impact Islamic Corporate Governance. In practice, Islamic banks have not fully used the maqasid shariah as a measure of their company performance so that it is a question of whether the Islamic bank has succeeded in relating its business results with the maqasid Shariah, where the maqasid Shariah are indicators that make it easy to assess the transaction. However, in interaction the accounting control system and contingency factors (such as environment uncertainty, competitive strategy, organizational structure and variables of human behavior) must also be considered. This also lacks the attention of Islamic bank managers.

There is no recent research extensively examining the interaction of accounting control systems, contingency factors, and Islamic Corporate Governance affecting Islamic bank performance based on maqasid shariah. This fact was written as a suggestion for researchers and Islamic bank practitioners which underpinned this paper.

The theoretical contribution of this paper is to provide a theoretical framework of performance, corporate governance, contingency theory in Islamic banks. While the contribution of the practice of this paper is to provide basic information about the importance of measuring the performance of Islamic banks based on maqasid Shariah as the actual objectives to be achieved by banks using Islamic labels.

The methodology of this paper is a literature review of theoretical sources with the aim of comparing and producing useful information in the summary area of convergence and divergence of the literature sources collected. The researchers will reveal the results obtained from this process and provide an in-depth interpretation of the definitions, measurements and theoretical perspectives underlying the development of research models on the performance of Islamic banks and its antecedent effects.

**Literature Review**

**Islamic Principles in Islamic Bank Operation**

The main principles of Shariah banking operations, namely At Ta'awun and Al Ikhtinaz. At Ta'awun is the principle of mutual help and cooperate in doing good, as explained in the Qur'an Surah Al Maidah verse 2 while Al Ikhtinaz the principle of the utilization of idle funds to benefit the general public as described in the Qur'an Surah an-Nisa verse 29 (Veithzal and Arviyan, 2010).

Shariah bank is the banking company that operated based on the principles of Islamic law (Shariah), especially fiqh muamalah (Hakim, 2011). Fiqh muamalah set transaction management which the principal source from Al Quran and Sunnah, and also secondary Islamic law those are ijma 'ulama, qiyas and ijtihad. Shariah banking principles cannot be separated from the objective of Shariah (Maqasid Shariah) that Shariah banking can provide good welfare for Muslims and the broader community well-being (Ali Amin Isfandiar, 2013; Hakim, 2011). Ayub (2009) explains that the overall objective of Shariah behind these injunctions is the happiness and well-being of human beings in this world and the world hereafter. The concept of happiness from the Islamic perspective is different from the concept of pleasure – the primary objective of favorable economics.
The primary objectives of Shariah are to protect and preserve the religion, life, family, property, intellectual property and honor (Saifuddeen, Rahman, Isa, & Baharuddin, 2014). Secondary objective Shariah are justice and equality in society (Anwar Kamal, Eddy Yusof, & Kashoogie, 2009), improve social security (U. Ahmed & Faosiy Ogunbado, 2015; Mohamad, 2015; Yusuf, 2010), preserve peace (El-Najar & Mohammed, 2014; Sulayman, 2014), at enhancing cooperation in goodness and improve universal moral and akhlakul kharimah (noble behavior) (Saifuddeen, Wei, Ibrahim, & Khotib, 2013; Sexton & Aburounia, 2016).

An Islamic banking and financial system exist to provide a variety of religiously acceptable financial services to the Muslim communities (Jamshidi, Hussin, & Wan, 2015; Pratiwi, 2016). In addition to this particular function, the banking and financial institutions, like all other aspects of Islamic society, are expected to contribute richly to the achievement of the significant socio-economic goals of Islam (Chapra, 1981; Shahwan & Mohammad, 2013). Perhaps a further explicit objective should be the religious dimension, in that the chance to perform legit financial operations has a value far beyond that of the financial conventional mode (Hassan & Lewis, 2007).

The fundamental differences between Islamic banking and conventional banking, not only in the ways they practice or their businesses but above all the values which guide Islamic banking whole operation and outlook (Beck, Demirg-Kunt, & Merrouche, 2013; Hanif, 2014). The Shariah (Islamic Law) values have prevailed in not only the minute of the transactions but also in the extent of their role in society (Awang, Asutay, & Azman Jusoh, 2014; Dusuki & Abdullah, 2005). This demands the internalization of principles on Islamic financial transactions, in its form, spirit, and substance (Dusuki, 2012; Maali & Napier, 2010). By this, it embodies both economic and social welfare as a result of the Shariah’s objectives. This means that as a Shariah-based company, Islamic banks must fulfill social obligations which go beyond the conventional world view to only maximize profits (Beck et al., 2013; Dusuki, 2008).

Performance of Islamic Bank
The measurement of performance was traditionally used as a control to evaluate whether companies have achieved their financial objectives (Grafton, Lillis, & Widener, 2010; Jordão & de Almeida, 2017). Management of performance creates performance context and measures (Lebas, 1995). Performance is defined as the potential for future successful action to achieve objectives (Bourne, Mills, Wilcox, Neely, & Platts, 2000; Folan & Browne, 2005). The performance of the company can be measured by financial and non-financial measures (Chiang & Birtch, 2012; Nørreklit, 2000). Financial measures can be observed from financial ratios (Fredendall & Hill, 2011) while non-financial measures can be observed from the level of customer satisfaction (Banker, Potter, & Srinivasan, 2005), and internal process effectiveness (Dossi & Patelli, 2010).

The performance of an Islamic bank as a company based on principles of Islam is affected not only by the internal factors of quantitative nature (for example financial ratios) but also by the internal qualitative factors like the managerial factors. The performance of an Islamic bank and conventional bank should not be measured in the same way because of their divergence on the level of the objectives (Ghayad, 2008).

Yahya-Zadeh (2012) comparing the efficiency level of conventional banks with Islamic banks in Malaysia found that while Islamic tenets limit Islamic banks in their operations, they can maintain that Islamic banks can not operate at full efficiency if they operate under a
conventional banking framework that is equivalent to conventional banks. It supports the result of Sarker's research (Sarker, 1999) in Bangladesh found that Islamic banks cannot operate at its full efficiency level if it operates under a conventional banking framework.

Irfan, Majeed, & Zaman (2014) found that Islamic banking is efficient about 98.19% concerning return on asset ratio; concerning return on equity ratio is about 91.4% and 77.03% concerning net profit ratio. As per the efficiency-ranking measurement, Brunei stands at the top followed by Pakistan, Iran, and Bangladesh among the South Asian countries. The empirical findings (Ahmad, Noor, & Sufian, 2010) suggest that during the period of study, pure technical inefficiency outweighs scale inefficiency in Asian countries banking sectors. Overall the results imply that during the period of study, although the Asian Islamic banking sectors have been operating at a relatively optimal scale of operations, they were relatively managerially inefficient in controlling their operating costs and utilizing their resources to the fullest.

The results of these studies indicate that the performance of Shariah banks can outperform conventional banks even though both have different organizational objectives. In its research result, Ramdoni (2018) found that Islamic banks in Indonesia have good performance measured by the CAMEL, profitability and maqasid sharia index. These findings suggest that Islamic banks must adopt both Shariah and financial bases to provide a comprehensive picture of their performance.

Zubair Hasan (2007) suggests that the performance of Islamic banks be evaluated about their social responsibilities in an Islamic framework. He said, “the mainstream techniques of cost-profit considerations in assessing bank performance: ratio analysis and various sorts of input or output frontier models Islamic economists appear to have used are often marred by gaps, errors, and inconsistencies that render their conclusions vulnerable even in their framework (Islamic banking)”. A review of the literature shows that traditional performance measurement systems (based on financial measures) failed to identify and integrate all those factors that are critical in contributing to business excellence (Valiris, Chytas, & Glykas, 2005).

The application of trading and commercial principles in Islamic banking requires banking firms to adhere to financial reporting standard whose purpose is to provide accurate information about business transactions (A. A.-A. Ahmed, 2012). It serves to eliminate ambiguities (gharar) and fraud (tatif ) in the financial contract through factual reporting of the said transaction (Joko Hadi Purnomo, 2016; Rahmayani & Rahmawaty, 2017). More importantly, financial reporting explained what exactly was transacted in the business dealings such that one can know whether a transaction is a loan or a sale, whether a sale is a true one or not (Belal, Abdelsalam, & Nizamee, 2015; Siddiqui, 2012).

Innovation in Islamic finance and all endeavors to test the legality of a new product must readily comply with the intent or objective (maqasid) of the Shariah. The Maqasid Shariah will also assure that an Islamic Bank will provide services that can repel the harm commonly found in the Western mode of financing. If the harm is still apparent in the new Islamic financing product, it (the harm) must be eliminated at all cost. Otherwise, the product will not reflect the true ideals of Islam. For example, hedging against price volatility is an essential ingredient in business today. (Awang et al., 2014; Kayed, Kayed, Finance, & Ahmed, 2012).
Maqasid Shariah in Measurement of Islamic Bank Performance

Mohammed, Tarique, & Islam, (2015) has made use of al-Imām al-Ghazali's theory of Maqāṣid al-Shariah and Ibn 'Ashur's reinterpretation, adopting content analysis and Sekaran (2000) behavioral science methods to develop a Maqasid Shariah Based Performance Evaluation Model (MPEM) to measure the performance of Islamic banks. Experts' opinions have validated the model and its acceptability. Suggestions are provided to policymakers and future research. They reveal five dimensions of Maqasid Shariah-based Performance Evaluation Model (MPEM) that is composed:

1. Freedom of faith
2. Protection of human right
3. Propagation of scientific thinking
4. Well being of society
5. Care of stakeholder

Freedom of faith is everyone has the right to practice and uphold his religious beliefs to establish a riba-free economic system that allows Muslims the freedom to practice their faith. To measure the extent to which sharia banks have reached this dimensional element, the following proxy is proposed some Murabaha and Musharaka investment, interest fee income, and government support.

Protection of human right is the preservation of human dignity by incurring the cost of social responsibility, distribution of zakat and investment on Muslims. The amount of CSR expenditure and zakāh will depict the bank’s intention to preserve human dignity and human right. This would require examining the amount of zakāh, and investment funds channeled to Muslims, especially poor Muslims.

Propagation of scientific thought is also the fundamental goal of Shariah. This term is generally used for intellectual preservation as measured by the technology investments, also measured from the employee turnover and CSR in education and Waqf. Well being of society diminishing the difference between economic level by investment in real economic, SME and agriculture. Islamic banks can only bring wellbeing to society if the present monetary system is modified. Otherwise this faulty monetary system creates money and as a result, the rich become more prosperous and the poor becomes poorer. Care of family /stakeholder is the issue was then clarified to them that the family is assumed as a stakeholder because most of the banks are now public limited companies. That dimension can be measured with market value, research expense, training and development expense, net income, credit risk, tax paid, and level of customer satisfaction.

The vision and mission of Islamic banks were supposed to reflect the adherence of their activities and aspiration to maqasid al-Shariah. However, there are contentions that Islamic banks have been converging towards the conventional banking system. Efforts have been expended to reverse the tide and harmonize Islamic banking to its Shariah objectives. Hitherto, the real conventional yardsticks have failed to measure the impact of the harmonization exercise on Islamic banks' performance. Therefore, using a maqāṣid based yardstick to measure the performance of Islamic banks becomes imperative (Dangulbi, 2012; Mohammed, Tarique, & Islam, 2015).

According to Ayub (2009), the principles that should be upheld in Islamic finance including Islamic banking, namely:
1. Prohibition of interest
2. Prohibition of gharar / uncertainty
3. Prohibition of gambling
4. Alternative financing
5. The legitimate advantage in investment
6. The right to profit, risk and responsibility
7. Trade with goods instead of money
8. Transparency and documentation
9. Beware of additional risk

Prohibition of interest is the main principles in Islamic finance practice where lenders are not allowed by the Shariah ask in return for the loan principal that is well described in the contract given or implied (Almutairi & Quttainah, 2017; Siddiqui, 2012). This principle also applies to the receivables from credit sales transaction in which the seller does not add interest on receivables occurs. The bank that offers loans of certain assets to its customers cannot ask for interest on receivables resulting from such transactions (Amuda, 2015; Maali, Napier, & Holloway, 2010).

Shariah asserts that give interest on loans is forbidden while the selling is allowed, but the gharar principle must be upheld to make the transparent transaction which doesn’t have an uncertainty element and information concealment regarding the condition of the goods or traded service. The element of uncertainty information form the basis of gambling activities in Islamic banking, and financial activity should be avoided firmly, so that gift through the draw violates the Shariah banking activities (Joko Hadi Purnomo, 2016; Laldin & Furqani, 2013).

Although Islamic banks do not use interest as a basis for financing Islamic banks have several techniques and models for doing business. Generally, they will implement the principles of participation and share in Musharakah, Mudarabah, and its variations, also applying the principle that delayed trading in credit sales, as well as other alternative techniques as long as they do not conflict with the provisions of the Shariah (Bilal & Mydin Meera, 2015; ZB Hasan & Asutay, 2011).

Islamic banks are required adopting transparency, full disclosure and documentation farther than conventional banks. Shariah bank should also pay attention to the characteristics of its clients that can transparently find out the halal of business areas that run the client and no information that is not documented as evidence of transactions that must be disclosed (Ameer, Othman, & Mahzan, 2012; Dammak & Triki, 2017).

The underlying concept for each technique is simple and can be compared to an existing conventional financial instrument. However, real financing deals can become very complicated as some banks modify the structure to suit the requirements of specific investors (Atmeh & Maali, 2017; Mihajat, 2015; Zaher & Kabir Hassan, 2001). These deals may contain elements of more than one of the essential Islamic contracts. These deals may lead to biased in complying with shariah principles (H. Ahmed, 2014; Yahaya & Haji-Othman, 2014). Azhar Rosly (2010) concluded that Islamic financial products would show consistency in both substance and form and thus help enhance their Shariah-compliant position. The four parameters are given below:
Islamic finance needs to use maqasid Shariah as the primary focus of the operation and their performance as it will be a significant contribution to the people and their future achievements. The most relevant ideas of the philosophers who proposed to build a framework the basic of maqashid Shariah for the Islamic financial model (Aris, Azli, & Othman, 2013). Shariah is a set of norms, values, and laws that govern Islamic way of life, in all its aspects, like faith and worship, as well as the economic, social, political and cultural components in Islamic society (Boutayeba, Benhamida, & Guesmi, 2014; Vejzagic & Smolo, 2011). Regarding the Islamic economic system, the philosophical foundations which serve as bases upon which they are formed include tawhid, rububiyyah, risalah, akhirah, istikhlaf, tazkiyah, kafalah, and Falah (Aris et al., 2013; Imam & Kpodar, 2016).

Ascarya, Rahmawati, & Sukmana, (2016) concluded in his research results suggest that even though Islamic bank in Indonesia is a profit-oriented entity, it should in line with maqasid Shariah meaning that the practice of Islamic bank should be in concordance with the ideal of Islamic bank, which combine commercial and social orientation, individual and public interests, as well as worldly and hereafter objectives. This study compares the performance based on Maqasid Shariah between Indonesian Shariah banks and other countries. The Research like this is also done by Adzhani & Rini (2017) with the conclusion of the study there is no difference in the performance of shariah banks measured by maqasid Shariah in both Indonesia and other Asian countries.

Maqasid Shariah or objectives of Islamic law highlights rationales, purposes and the common good in the Islamic rulings and stresses their importance. Many scholars have agreed that the ultimate objective of maqasid Shariah is to serve the interests of all human beings and to save them from harm (Alam, Hassan, & Said, 2015; Bilal & Mydin Meera, 2015; Kayed et al., 2012). Others opined that Maqasid Shariah is surrounding on the issue of preservation and promotion of human welfare (Amin, Abdul-Rahman, & Razak, 2014; Bedoui & Mansour, 2015). Maqasid Shariah is classified into two main categories namely general objectives (maqasid ‘ammah) and specific objectives (maqasid khassah). Islamic finance can generally be categorized under maqasid khassah, the specific objectives (Dangulbi, 2012; Nurdeng Deuraseh, 2012). Nevertheless, the general objectives are also very relevant and directly related to the aim of Islamic finance includes preserving the wealth of society. Therefore it is essential to investigate the objective of wealth examination, along with the general objectives of Islamic finance (Dusuki & Bouheraoua, 2011).

Maqasid Shariah requires Islamic Finance Institutions to comply with the standards of virtue and moral consciousness that have been advocated by the Shariah, which expects a balance, upheld by firms, about the rights and responsibilities of the individual and of society (Abdullah & Furqani, 2012; Aris et al., 2013).

Shariah-based bank performance measurement maqasid Shariah is a process of determining whether Islamic banks can achieve the goals of the shariah-derived bank from maqasid shariah. Performance measurement has a direct relationship with the goal, so indicators of achievement its performance will be derived from the objectives that are (Kholid & Bachtiar, 2015).
Dusuki (2008) in factor analysis of that research with respondents of stakeholder Islamic bank in Malaysia concluded that maqasid Shariah in Islamic banks that are divided into two main purposes social welfare purposes and commercial purposes. The objective consists of social welfare consists of alleviating poverty; contributing to social welfare; promoting sustainable development projects; promoting Islamic values and way of life towards staffs, clients, and the general public. While commercial purposes consist of offering viable and competitive products; enhancing product and service quality; maximizing profits; minimizing costs of operations. The results could be used as a measure of the performance of Islamic banks.

Types of performance measurement of Islamic banks as proposed by experts can be concluded that the performance of Islamic banks can be measured in a nonfinancial and financial (Har, Mohamad, Ali, Aniza, & Sharif, 2016).

Kholid and Bachtiar (2015) found that the performance of 7 Indonesian Shariah banks measured using maqasid Shariah was influenced by the implementation of Good Corporate Governance. Prasetyowati & Handoko (2016) concluded in his research that maqasid Shariah can be used to measure the performance of Shariah banks in Indonesia and demonstrate compliance with Islamic law. Other research was conducted by Rusydiana & Parisi (2016) at Indonesian Shariah banks testing performance measurements based on Maqasid Shariah compared to profitability. This research is expected to provide benefits to policymakers as the policy recommendations to improve the performance of Islamic Bank by reviewing the implementation of the maqasid aspect and profitability of Islamic banks until this time.

To understand Islamic banking in its entirety requires full comprehension of its objectives and philosophy. As a Shariah-oriented business entity, the Islamic bank is vigorously expected to be guided by the philosophy of Islamic business (Dusuki, 2008; Triyuwono & Kamayanti, 2014).

**Islamic Corporate Governance and Performance of Islamic Bank**

Islamic label is a substance be able to portray good governance based on Islamic principles (Hayat & Kabir Hassan, 2017). Islamic corporate governance fundamentally has a wide commission, with commitments reaching out to providers, clients, contenders, and workers, holding onto the otherworldly and in addition the transient needs of the Islamic people group. Nevertheless, while the order is clear, and the moral underpinnings unequivocal, there are some essential difficulties in executing this vision (Lewis, 2005).

Since the emergence of the Islamic finance industry is to implement Shariah-compliant financing practices, the role of Shariah governance guidelines plays a significant role in the industry to ensure that it meets the objective of the Islamic financial industry (Nawal Kasim, Sheila Nu NuHtay, 2013). The corporate governance model from a Shariah perspective considers Islam as the supreme stakeholders besides the other stakeholders’ entity. The concept of Islam as the sovereign stakeholder affects the structure of the corporate governance system where it puts the Shariah as the governing law of all affairs of the corporation in which leads to the establishment of the Shariah board as part of the corporate governance institutions (Rahmawayani & Rahmawayat, 2017).

Corporate governance for Islamic banking has a unique feature compared with banking conventional. It is required to complement the existing governance framework with the Shariah governance system to ensure the Shariah compliance of all Islamic banking’s operational
(Rama & Novela, 2016). Governance standards for Islamic Financial Institution which issued by AAOIFI. There are, (1) Shariah Supervisory Board (SSB): Appointment, Composition, and Report, (2) Shariah Review, (3) Internal Shariah Review, (4) Audit & Governance Committee for Islamic Financial Institutions, (5) Independence of Shariah Supervisory Boards, (6) Statement on Governance Principles for Islamic Financial Institutions, (7) Corporate Social Responsibility Conduct and Disclosure for Islamic Financial Institutions (Nawal Kasim, Sheila Nu NuHay, 2013). Based on the governance standard, the function of SSB is very crucial in ensuring that Islamic principles are implemented in the operations of Shariah banks. Design a corporate governance mechanism for Islamic banks to guarantee that SSB members are qualified because they are presently chosen by the board of directors. In addition, they can ensure that SSB has supervisory authority rather than consultation authority (Farag, Mallin, & Ow-Yong, 2018; Farhana Izyana, 2014).

To achieve the performance of companies including Islamic banks, they need the support of accounting control systems (Daft & Macintosh, 2006; O'Grady, Morlidge, & Rouse, 2013; Simons, 1987). Simons (1987,1990) then explained that the accounting control system is all the procedures and formal system to maintain or change the organization's activities including planning (budget) system, reporting system, and monitoring procedures that are based on the accounting information. The accounting control system is strongly linked to budget control required by all organizations (including shariah banks) describing the efficiency of organizational planning.

The accounting control system to be enacted must be provided not to oppose Islamic corporate governance developed by Islamic banks. Shariah supervisory board is legally required to ensure that the implementation control system does not conflict with Islamic corporate governance (Abdullah Nadwi, 2013; Malek Marwan, Mohamad Sabri, Rashila, & Raghad, 2016).

The compliance with the Shariah principles will be achieved by having a proper Shariah governance framework. The Shariah governance that refers to all the elements about the active role of Shariah Board and compliance with Shariah is strongly fundamental for Islamic Banking (Hamza,2013). Among the main issues surrounding corporate governance in Islamic banking is that dealing with the role of Shari'ah Supervisory Board (SSB). The role of the SSB is particularly important before the launching of any new Islamic banking product and in making strategic decisions (Rahajeng, 2013). The Shariah supervisory board should implement adequate quality control policies and procedures to ensure that the activities carried out by an IFI do not contravene the Shariah.

**Contingency Theory and Performance of Islamic Bank**

Chenhall (2003); Moore et al. (2009); Volberda et al. (2012) had proven that the accounting control system affects several factors contingencies influence the company's performance. The previous research used the assumption of contingency theory, which asserts that there is no control system of the company that is very appropriate to be applied except by taking into account the influence of contingency factors in related with the control system to company performance.

Failure to have the plan's opportunities can lead to unwanted losses for the company. However, organizations must also guarantee that they are emergency plans that are conducive to what they want objectives and compatible with their task. Indeed, individuals can pay attention to that range by reading the above passages, their doctrines and objectives have not altered by
accommodating contingent circumstances. The scheme should not allow deviations from the required location to prepare contingency. To attain its particular objectives, achievement organizations must have a strategy that is prepared for all contingency scenario (Bloom & Menefee, 2006; Boyd, Haynes, Hitt, Bergh, & Ketchen, 2012).

A well-developed contingency plan is of enormous significance to the organization. This is the ability to respond rapidly, effectively and cost-effectively to significant changes. Islam says itself to be a religion for all people at all moments. It has to be a faith that can be tailored to distinct conditions and operations. Fight them, prepare your power to the maximum of your power (al-Quran 8:60). That implies that Muslims must always have ammunition and standing soldiers prepared for all uncertainties (Mauddi, 2005), so Muslims can immediately proceed with the conflict at that moment. So that it shouldn't be the case that when the enemy destroys Muslims, they call on volunteers and assemble ammunition.

Otley (1980) asserts that the organization adapts to face the contingency conditions by managing the factors that can be controlled (owned by the company) to form the appropriate configuration (fit) that are expected to generate the effectiveness of the organization. Similarly, Shariah banks must develop a control system that fits the contingent factors that influence corporate performance.

Fisher (1998) has also identified contingency factors affecting the control system including accounting control system are uncertainty, technology, industry, the characteristics of company and business units, competitive strategy, behavior factors and other factors that can be observed. Attention to the contingency variable fit with the accounting control system will reinforce the implementation of Islamic Corporate Governance in Shariah banks.

Conclusions
Islamic banks are institutions that carry out customer deposit funds collection and development activities with methods that must comply with Islamic principles. Islamic banks focus on performance with the Maqasid Shariah approach (Shariah objective) (Aris et al., 2013) in an effort to achieve performance (Alaudin, Shantapriyan, & Adler, 2012; Grais, W. & Pellegrini, 2006). Many research results which prove the use of maqasid Shariah as a basis for the measurement of performance in Islamic banks should be considered to be used in Islamic banking management.

In determining the performance measure to be achieved, Islamic bank management should utilize the Maqasid Shariah Performance Evaluation Model (MPEM) namely: religious freedom, human rights protection, scientific thought dissemination, public welfare and concern for stakeholder.

In order to achieve maqasid Shariah-based performance, the application of Islamic Corporate Governance, which is guaranteed by the role of Shariah supervisory board, is needed to maintain accounting control systems that are designed not to conflict with Islamic principles. Technically, Islamic banks also need to practice the suitability of an accounting control system-based on SSB supervision with contingent variables because this is an absolute requirement to achieve the expected performance of Islamic banks.
Figure 1: Theoretical Framework

References

Al Quran


