

Sharia Compliance Report Disclosure in Islamic Accounting Based *Dakwah* Transparency

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Abstract—Sharia compliance statements disclosure in accounting of Islam can be the answer to the question of the sharia of the Islamic bank transactions, for this to be a doubt moslem societies. This research aims to develop a form of sharia compliance disclosure statements that shows accountability to God and society in the dimensional *dakwah* from sharia people's credit bank (BPRS). This bank is called in Indonesian as *Bank Perkreditan Rakyat Syariah* (BPRS). BPRS which is the site of this research is *BPRS Harta Insan Karimah* (BPRS HIK). This research is qualitative research using primary and secondary data. Informants in this study as many as 5 informants. The method used is krida *dakwah* by using the concept of *dakwah's* Muhammad Natsir as analytical tools. Results of the study showed that as long as this commitment remains in *dakwah* BPRS HIK through Islamic business. This is apparent from the Mission of the BPRS HIK has commitment in *dakwah rahmatan lil alamin*. That commitment gave birth to the spiritual values of *dakwah* transparency over Sharia compliance disclosure BPRS HIK from the side of the information economy but in refers sharia information opinions of sharia supervisory board (DPS). Based on the findings, the authors produce a sharia compliance disclosure integrative between material values and spiritual preaching transparency.

Keywords—*dakwah transparency; compliance; Islamic Sharia; disclosure*

I. INTRODUCTION

Sharia information disclosure as a form of means of *dakwah* is very urgent to be carried out by Islamic banks as a form of accountability to the public, especially stakeholders [1]. Disclosure leads to better market openness and stronger market discipline in the banking sector so as to improve the stability of the banking sector [2]. The disclosure in the financial statements of the bank Islam not only reveal financial information but also reveal information associated with Sharia compliance [3]. Therefore, Islamic banks need to disclose sharia information about their operational activities in financial statements because Islamic banks have a responsibility to stakeholders to explain and ensure that their products services and operational activities are in accordance with sharia principles. In the community's view, the fulfillment of sharia principles is at the core of the integrity and credibility of Islamic banks [4]. The philosophers gave some alternative

Islamic accounting disclosure compliance with sharia as a form of responsibility in the Islamic perspective like [5-8]. But they have not conducted research on sharia compliance disclosures using dimensions of *dakwah*. Only this study uses the method of *dakwah*. Sulaiman et al., using the framework of Hofstede Gray model in developing a reporting company [5]. This model is based on the assumption that there is a close relationship between cultural values and accounting systems. Cultural values are a great tool in designing social system of a country including accounting. Therefore, religion is part of the overall arrangement of cultural values in a country. The framework Hofstede Gray over relationship culture. Accounting system is the right framework to explain the relationship between religion and accounting [5]. Besides basic information related, Islamic banks must disclose the purpose, vision and mission [8]. To ensure compliance with sharia, goals, vision and mission need to be in line with the main purpose of the establishment of Islamic banks. Further, it is deals with the financial report or annual report. According to him the financial report or annual report is a business language that is used to communicate management organization's financial condition, results of operations, and other related information with third parties. The purpose of decision usefulness of financial reporting more heavily influenced by the values of the capitalist economy [8]. In Islam if an organization giving accounting information, then that information should be impartial in a particular group. Islamic financial institutions, in addition to financial goals, other information associated with the organization against Sharia compliance is important [1]. This means that information related to transcendental, ethics, morals and other religious areas should be included in the annual report. Therefore, the purpose of this research is to develop sharia compliance disclosure statements a more integrative. Integrative within the meaning of the union side of the spiritual and material on sharia compliance reports owned by Islamic entities. As a means of *dakwah* very urgent are done by bank Islam as a form of accountability to the community in particular stakeholders [1]. Other studies Haniffa and Hudaib on the annual report of seven Islamic banks in the middle east showed that an awful lot of mismatch between the information disclosed by the bank Islam in its annual report with the ethics values of Islam [1]. Information disclosure ethics of Islam built by Haniffa and Hudaib consisted of 8 things: 1)

Disclosure vision and mission, 2) the Board of Directors of the company, 3) products and services, 4) tithes and *qordhu hasan*, 5) commitment to employees, 6) commitment to the debtor, 7) A commitment to the community, 8) the opinion of the Board of Trustees. This discrepancy among them with regard to 4 dimensions, namely a commitment to society, the disclosure of the company's vision and mission, management and contribution to charity, and a loan of virtue as well as information about Sharia compliance. Islamic values that must be disclosed by the bank Islam in view of their limited quotations and use of terminology such as Islam *Insha Allah*, *Alhamdulillah*, *Bismillah* etc. [9]. The authors looked at that the use of this terminology only external information just haven't touched the important information about sharia compliance. The main things as important information that needs to be disclosed by the bank Islam about sharia compliance as described by [6] is the information about the character of the transaction, the reason for the transaction that is prohibited as well as the need to conduct such transactions.

This research aims to develop a form of sharia compliance disclosure statements that shows accountability to God and society in dimensional of *dakwah*. The expected results in this study can be useful as external academics and literature that is produced can be one of the solutions to the problems that haven't been accounting in accordance with Islamic values.

II. METHOD

The research is qualitative research, where the research does the exploration and understanding of meaning, purpose, message how to preach in the sharia compliance disclosure who unearthed from the informant. Further analysis conducted in inductive ranging from the findings of the special meanings to common meanings through the concept of *dakwah*, Muhammad Natsir. The data used are secondary data and primary data obtained through observation, observation, interview and reading of the annual report of the BPRS HIK as a medium of *dakwah*. Analytical tools used in this research is the theory of *dakwah* of Muhammad Natsir. The reason the selection theory of *dakwah* Muhammad Natsir was because his *dakwah* very comprehensive theory and aligned with the objectives of this research.

The site of this research is *Bank Perkreditan Rakyat Syariah* (sharia people's credit bank) *Harta Insan Karimah* (BPRS HIK). This study has several stages. The first stage is reading the annual BPRS report is HIK year 2017. Annual report in view of the author is a form of sharia compliance reports for the Islamic entity. This means that the report is not just to report financial information but also information. Therefore, the annual report is a form of media preaching BPRS HIK to stakeholders as an object of charity. Reading the annual report aims to find purpose, message, object interest *dakwah* that exist in the report.

The second stage is to find the spiritual values of *dakwah* transparency in view of stakeholders as subject and object of *dakwah*. This is done by conducting interviews and observations. The third stage is to conduct analysis of results on the pitch against findings that are not in accordance with the

objectives of the study. The end of stage is doing a reflection against the result.

III. RESULT AND DISCUSSION

The first stage of the research is the reading of the annual report of the BPRS HIK. The purpose of reading is to find purpose and message propagation is implied in the report of the annual BPRS HIK 2017. Based on the reading of the annual report of the BPRS HIK can be explained by the author that the BPRS HIK has been delivering *dakwah rahmatan lil alamin* (blessing for all nature) mission in the annual report the year 2017. This indicates that the BPRS HIK has committed to *dakwah* to disseminate mercy (compassion) to a good man. Annual report of the BPRS HIK contains some things namely information related to financial performance, social performance and the performance of the sharia. Sharia compliance is a form of moslem devotion to God Almighty. Devotion means a moslem is obligated to execute the command of God and left all of his ban. Sharia compliance in the context of a committed spirit of the Godhead include awareness of human morality in an attempt to live in harmony. Sharia law is a form of Islamic ethics and ethical values, meaning that a moslem has belief that the *Qur'an* and the *Hadith* are the two main sources in determining the value of the good and true. In other words, can we interpret that Sharia is our guide to ethical behavior in society [10].

Financial performance information in view of the author, was submitted by BPRS HIK openly and transparency. In terms of the social performance of BPRS HIK is still not showing the transparency of this can be seen from the lack of information submitted in the reports of its social performance. Meanwhile Islamic performance related information, BPRS HIK using opinions of Sharia Supervisory Board (DPS). It is in Indonesia called *Dewan Pengawas Syariah* (DPS) as information for their entity. This DPS in view of opinion management BPRS HIK showed transparent. Transparency in annual reports is a form of *dakwah* Islamic entity's commitment to the community.

The annual report is media of *dakwah* for Islamic entity to society. The report should be delivered in transparency to the object of *dakwah*. Spiritualities value of the form is transparency in disclosure financial statements. Transparency is a value honesty and openness that must be by Islamic entities. This will have an impact on the high public confidence to the Islamic entity. Transparency in theory for *dakwah*'s Muhammad Natsir is a behavior that must be upheld by an Islamic missionary (He is called *da'i* in Arabic) [11]. The next research phase the author does interview and observations with the informants to find spiritual values of *dakwah*. The value that author want to be found is the value transparency in the Sharia compliance disclosures on the site. During the interview process and observations, author feel the Islamic atmosphere in BPRS HIK. The Islamic atmosphere can be felt by authors when author follow at a time with spiritual activities and events such as the early morning *Dzikir* (remember the God), pray *Dhuha* and study about Islam. According to Mr. Jamal as motivator which to activities the spiritual in BPRS HIK, he stated that there are indeed some changes, since he signed in, sign-in year 2004, already 13 years' Islamic

activities have done in BPRS HIK. On Tuesday and Friday there is a study of Islam in BPRS HIK. He said that there is a change the dynamics of their teacher on Tuesday. He said that the Islamic teacher is fixed on Friday, from Mr. Jamal entry in BPRS HIK until now, the Islamic teacher still exist, he is not change. On Friday there is the study of the Arabic language, there the Gontor alumni teach constantly changing. The teacher teaches *Hadith, aqidah*, there is also a study of the dynamics. Based on the statements of Mr. Jamal above showed that the daily activities of the BPRS HIK has a strong Islam atmosphere. That it is conducive to the implementation of sharia compliance with either. The condition begins with a rigorous system of employee acceptance of aspects of sharia. Prospective employees monitored the activity of the men in the mosque and pray in congregation inaugurated her every day. Female employees really have clothing in accordance with sharia.

The activity of the daily prayer in initiating activities in the morning, reading *Quran*, and each completed short *dakwah* in *dzuhur* prayers by the day-to-day activity of the male employee who routinely performed by the BPRS HIK and supervised by the leadership of the BPRS HIK. A good Islamic atmosphere will bring good behavior. The Islamic activities in BPRS HIK is a form of *dakwah* to the community. According to author, this will create an atmosphere of *dakwah* in accounting activities. According to author Islamic bank not only conduct economic activities but also Islamic activities of *dakwah*.

The leadership of the BPRS HIK sometimes gives the moral messages in Islamic activity. In addition, employees are also required to give a lecture seven minutes (it is called in Indonesian *kuliah tujuh menit*) about *Hadith* This is done after *dzuhur* prayer. The purpose of the activity, according to Mr. Jamal is to train employees to be a missionary so it can be lectured in front of the public. In view of an Islamic missionary, this is a form of preaching conservation. Conservation propagation can be either lectures or speeches in public. This means that the leadership and employees of BPRS HIK has had to consciousness preaching, with train themselves for lecturing give moral messages.

Based on the results of interviews with director of operational Mr. Kurniawan about the transparency of financial statements. He stated that disclosure is BPRS HIK revealed what's in financial statement, in one account or one information to make readers or users to understand more details about financial statement. Mr. Kurniawan stated that disclosure of financial statements must be disclosure clearly so as not to raise questions or suspicions. Mr. Kurniawan stated that therefore BPRS HIK must disclose their financial statement in full disclosure. From Mr. Kurniawan's statement can be captured by the author based on the theory of the *dakwah* Muhammad Natsir that Mr. Kurniawan said about full disclosure in financial statement. It is containing the meaning of existence of transparency. The same thing was stated by Mr. Alfi. Mr. Ali is a President Director off BPRS HIK. He stated that financial information disclosure is very important. This will get trust from stakeholders. Meanwhile, Mr. Alfi's statement was also strengthened by Mr. Zahrul is a commissioner of BPRS HIK. Mr. Zahrul strongly supports the creation of information disclosure. Especially sharia

information disclosure. This is a form of corporate Islamic ethics to society. Sharia information disclosure support also came from DPS of BPRS HIK, Mr. Dede Abdul Fatah. Mr. Dede Abdul Fatah is a member of DPS in BPRS HIK. Mr. Dede stated that sharia information disclosure is a form of *dakwah* to society.

The value of this transparency is born of commitment to run spiritual activities of *dakwah*. The value of transparency is a forms the spiritual values of sharia compliance disclosure in the annual report of the BPRS HIK. Based on the results of the findings of the reading of the annual report and the results of the interviews, the next step of the study is the author conducted analyze the findings with the concept of *dakwah*, Muhammad Natsir. The author analyzes that sharia compliance disclosure in the annual report of the BPRS HIK 2017 as media *dakwah* has showed the purpose *dakwah*'s BPRS HIK is *rahmatan lil alamin*. Message of *dakwah* in report annual disclosure information materially. Yet information disclosure is limited to the economy, while preaching messages of the message of Islamic. *Dakwah* in annual report of BPRS HIK has not showed an optimum transparency. Accounting information should reflect the interest of all stakeholders, employees, creditors, governments, and social communities. This is due to the social aspect of Islam based on the concept of *tawhid* (unity), was a (justice), the *ummah* (community) and *maslahah* (benefit for the people) [12]. Meanwhile the spiritual values of transparency into the commitment of the board of directors as delivered by Mr. Kurniawan and Director of personnel. The *dakwah* character of transparency of a Muhammad Natsir is a character that requires the presence of openness in presenting information. An Islamic missionary should not hide the truth of the verses of the god even though it was a bitter taste [11]. This character is based on the model of the morals of Prophet Muhammad. The Prophet Muhammad are an honest missionary of *dakwah*. Honesty is a religious obligation that covers all areas of life. Honesty sincerity showed *dakwah* interpreter *dakwah* highest in almsgiving. The honest adorns the character of several Prophets to conduct *dakwah* activities. This is stated in the *Qur'an* that almighty God guarantees the correctness and truthfulness of the apostles in conveying his treatise. Even this character is the basic characters of the last of the *dakwah*. Especially Muhammad is a good man always in all the good traits. Based on the analysis, author conduct self-reflection that sharia compliance disclosure integrative can be constructed by the author with transparency character. This means full disclosure of sharia compliance in Islamic accounting is a characteristic of Islamic bank financial reporting [13].

IV. CONCLUSION

The building of disclosure sharia compliance based *dakwah* transparency using the concept of *dakwah* Muhammad Natsir, consists of its origins is *tawhid* (monotheism to god). The base of this *tawhid* was born from the values of the Islamic spirituality built on Islamic activities BPRS HIK. First pillar of the sharia compliance disclosure is the morals of honesty or the transparency from management as an Islamic missionary. The Next to this building's roof is the purpose of *dakwah*. The

purpose of *dakwah* in BPRS HIK that is *rahmatan lil alamin* (grace and prosperity to all).

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