The Effect Of The Sharia Supervisory Board On Sharia Banking Health Using A Dynamic Model

Zulpahmi[1], Sumardi[2], Arif Widodo Nugroho[3*]

[1](Department of Islamic Economics, University of Muhammadiyah Prof. DR. HAMKA, Indonesia)
[2,3](Department of Accounting, University of Muhammadiyah Prof. DR. HAMKA, Indonesia)*

Abstract:
Using a dynamic model, this study aimed to evaluate the impact of the Sharia supervisory board on the health of Islamic banking. According to Yusvita Nena Arinta (2018), Endraswati (2017), and Bukair (2014), the number of Sharia Supervisory Board meetings has a considerable favorable influence on tax evasion. The explanatory technique was utilized in this study, which is research that seeks to explain the position of the variables analyzed and the relationship between one variable and another (Sugiyono, 2014). This study's population is Islamic banking, represented by as many as 13 Islamic commercial banks (BUS). The VAR model type will be used based on the outcomes of the tests. If the test findings show stationary data, the conventional VAR model will be used; if the data is not stable, the difference VAR model or the Vector Error Correction Model (VECM) will be used if there is cointegration of a long-term association.
Key Word*: Sharia supervisory board meeting, Tax Avoidance, Vector Error Correction Model*

I. Introduction

The health of Islamic banks is examined and evaluated based on bank performance and the basis of Sharia principles. The Sharia Supervisory Board (DPS) at sharia banks gives advice and proposals to the Directors and oversees the actions of the firm or sharia unit of the company to ensure that they comply with sharia principles, therefore ensuring the health of sharia banks. At the end of 2017, 39 percent of Islamic commercial banks had a healthy rating, 46 percent were pretty healthy, and 15 percent were less healthy. OJK (2017)

According to the findings of a study done by Kusuma and Ayumardani (2016), the presence of DPS has a favorable impact on the firm since the size of DPS boosts the efficiency of corporate governance. According to Mollah and Zaman (2015), the number of DPS has a beneficial impact on ROIAE, Rahman, and Bukhair (2013). The greater the number of DPS members, the more effective supervision and adherence to Sharia rules. However, unlike Endraswati (2017), who found that the number of DPS members did not influence disclosure quality in business reports, Peni Nugraheni and Rahma Dwi Yuliani Iqtishadia (2016) found that the number of DPS members does not affect disclosure ISR.

Furthermore, DPS is supposed to convene regular meetings at least once a month to monitor the soundness of Islamic banks. DPS meeting activities have a beneficial effect, according to the findings of Endraswati (2017), who discovered that the number of DPS meetings had a good effect on the quality of disclosure in corporate reports. , Bukair (2014) that more frequent DPS meetings are sharia-compliant and improve disclosure quality, Adiertanto and Chariri (2013) that the number of DPS meetings has a favorable influence on CSR disclosure. However, unlike Tulus (2014), who believes that DPS activity has a negative impact on earnings management activities, Rahayu and Cahyati (2014) believe that the number of DPS meetings has a negative effect on CSR disclosure.

DPS is compensated for carrying out its obligations and responsibilities. It is envisaged that the payment would boost the health of Islamic banks by increasing production and work discipline. That remuneration has a positive relationship between executive remuneration and company performance, also can minimize agency costs (Gul et al., 2012; Yegon et al., 2014). Remuneration improves company performance, too (Khalid and Rehman, 2014; Awuor, 2012). In contrast to Teg and Utami (2013), who argue that excessive remuneration can harm company performance. There is no relationship between remuneration and company performance (Kakabadse et al., 2004). Also, executive compensation and performance have the opposite relationship (Mangistae and Xu, 2004). Based on the findings, the researcher intends to re-examine the dynamic relationship between DPS and the health of sharia banks.

II. Material And Methods

State of The Art

The function of the DPS is particularly essential in ensuring the successful application of Sharia principles. If Islamic banks consistently disregard Sharia principles compliance, they will face reputational danger. This danger may lead to public displeasure and will harm the reputation of Islamic financial institutions, perhaps jeopardizing the bank's existence. Yusvita's (2018) research found that the size and number of DPS meetings substantially influenced tax evasion. In contrast, Mollah and Zaman (2015) found that the number of DPS meetings positively affects ROIAE.

Furthermore, Chariri (2012) found that the number of DPS meetings had a favorable influence on CSR disclosure. Bukair (2014) found that the more Shari'ah compliance meetings and the quality of disclosure, the better. Khalid and Rehman (2014) discovered a favorable association between salary and firm success in Pakistan, while Utami's (2017) research indicated that performance influences board of commissioners' compensation as evaluated by accounting performance (profit).

Sharia Supervisory Board

The Sharia Supervisory Board is defined as follows in Bank Indonesia Regulation 15/14/PBI/2013: "The Sharia Supervisory Board, hereinafter abbreviated as DPS, is the board in charge of providing advice and suggestions to the Board of Directors and supervising UUS activities in accordance with Sharia Principles."
In order for the Sharia Supervisory Board's obligations to be carried out efficiently, the following principles must be followed:
1. The Sharia Supervisory Board's composition must allow for effective, accurate, quick, and independent decision-making while stressing cautious and risk awareness and in compliance with Sharia standards.
2. Sharia Supervisory Board members must have honesty and competence in the disciplines of fiqh muamalah and commercial sectors connected to their tasks to carry out their activities effectively.
3. Sharia Supervisory Board members shall carry out their duties properly and independently.
4. Sharia Supervisory Board members are responsible for overseeing and advising on preventative and remedial actions and requests to temporarily halt activities if there are indications of sharia violations.

The Sharia Supervisory Board must include at least two (2) members and no more than half of the total number of directors (SEOJK No. 10/SEOJK.03/2014). The Sharia Supervisory Board is mandated by Financial Services Authority Regulation (POJK) Number 33/POJK.04/2014 to have regular meetings at least once a month to carry out its duties and obligations. Meetings are one of the governance board's monitoring aspects. According to POJK No. 45 of 2015, remuneration is a monetary or non-monetary reward determined and given to members of the Board of Directors, members of the Board of Commissioners, members of the DPS, and/or employees, both permanent and variable, following their duties, authorities, and responsibilities. The compensation is supposed to boost production and discipline and improve work culture.

Bank Health Level

Taswan (2010) defines bank health as "the results of a qualitative assessment of various aspects that affect the condition or performance of a bank through an assessment of capital factors, asset quality, management, liquidity, and sensitivity to market risk, and used as a quantitative or qualitative assessment after considering an element of judgment."

The measuring bank soundness using a risk approach is based on the Financial Services Authority Circular Letter No. 10/SEOJK.03/2014. Risk-Based Bank Rating measures bank soundness based on four (4) factors: risk profile, good corporate governance, earnings, and capital. The composite rating is the ultimate assessment of the bank's soundness rating, according to Financial Services Authority (OJK) Regulation No.8/POJK.03/2014. Composite Rating 1 shows the bank's overall "extremely healthy" status, indicating that it can deal with severe negative consequences from changes in business circumstances and other external variables. The bank's condition is typically "healthy," thus it is regarded capable of confronting severe negative consequences from changes in business circumstances and other external variables. The bank's condition is typically "pretty" healthy, indicating that it can deal with severe negative repercussions from changes in business circumstances and other external variables. The bank's state is typically "unhealthy," hence it is regarded less equipped to deal with severe negative repercussions from changes in business circumstances and other external variables.

Methods

The explanatory technique was utilized in this study, which is research that tries to explain the position of the variables analyzed as well as the relationship between one variable and another (Sugiyono, 2014). This study's population is Islamic banking, which has been represented by as many as 13 Islamic commercial banks (BUS). The sample was determined using a judgment sampling methodology and the criteria utilized is a sharia

commercial bank (BUS) that was created between 2010 and 2018. The data utilized in this study is completely secondary data gathered from Bank Indonesia and the Financial Services Authority in the form of financial reports and annual reports of all Islamic Commercial Banks in Indonesia. The quantitative statistics utilized include the number of members, the frequency of meetings, and the sharia supervisory board's compensation. The risk-based bank rating (RBBR) technique assesses the soundness of Islamic banks by taking into account the risk profile, GCG implementation, profitability, and capital. The Vector Autoregressive (VAR) analysis approach is used in this study to examine the dynamic influence of variables. Using this strategy requires multiple steps, including running a stationary test on each time series data set utilized in the model. The VAR model type will be used based on the outcomes of the tests. If the test results demonstrate stationary data, the conventional VAR model will be used; if the data is not stable, the difference VAR model or the Vector Error Correction Model (VECM) will be used if there is cointegration or a long-term association.

III. Result

The table below shows the results of the unit root test at the level:

Table 1: Unit Root Test Level

Variable	ADF Score	Mckinnon's Critical Value			Description
		1%	5%	10%	
BUS Health Level	-9.575100	-3.711457	-2.981038	-2.629906	Stationary
Number of DPS Member	-2.526107	-3.632900	-2.948404	-2.612874	Not Stationary
DPS Meeting Frequency	-2.648912	-3.639407	-2.951125	-2.614300	Stationary
DPS Remuneration	-1.048751	-3.632900	-2.948404	-2.948404	Not Stationary

Source: Data processed by authors

Based on the unit root test findings at the level, it is clear that there are two stationary variables, namely the BUS's health status and the frequency of Sharia Supervisory Board meetings (DPS). It is important to evaluate the stationary data at the first difference level for variables that are not stationary. The following table shows the results of the unit root test at the first difference level:

Table 2: Unit Root Test on First Difference Level

Variable	ADF Score	Mckinnon's Critical Value			Description
		1%	5%	10%	
BUS Health Level	-2.742934	-3.699871	-2.976263	-2.627420	Stationary
Number of DPS Member	-5.656854	-3.639407	-2.951125	-2.614300	Stationary
DPS Meeting Frequency	-10.37896	-3.639407	-2.951125	-2.614300	Stationary
DPS Remuneration	-5.998703	-3.639407	-2.951125	-2.614300	Stationary

Source: Data processed by authors

The unit root test results at the first difference level reveal that all variables are stationary at the first difference level since the ADF test statistic value is less than the MacKinnon critical value.

Optimal Lag Test
The optimal lag test results can be seen in the table below:

Table 3: Lagweeks Optimum Test.

LR	FPE	AIC	SC	HQ
NA	0.000250	3.055770	3.240801*	3.116085*
27.45215	0.000247*	3.032176	3.957329	3.333753
7.291045	0.000526	3.733023	5.398299	4.275861
21.35207	0.000525	3.579055	5.984453	4.363155
26.37144*	0.000309	2.727639*	5.873159	3.753000

Source: Data processed by authors

Based on the results of the optimal lag test, it shows that the optimal lag for the variables to be estimated is four.

Cointegration Test
Cointegration test results based on the trace test can be seen in the table below:

Table 4: Cointegration Test Results

Trace Statistic	46.75333	24.22393	6.531674	1.501389
Critical Score 5%	47.85613	29.79707	15.49471	3.841466

Source: Data processed by authors

Table 4.28 shows the results of Johansen's cointegration test with a significance level of 5%. Demonstrates that there is no cointegrated equation. The value of the trace statistic, which is less than the crucial value, confirms this. Because there is no cointegrated equation, the model that will be utilized is Vector Auto Regression (VAR).

Model Vector Auto Regression (VAR)
After determining lag 4 to be the ideal latency, the VAR model is evaluated using the optimal lag. The table below shows the estimate results of the VAR model for analyzing the influence of the independent variable on the dependent variable:

Table 5: DY Equation VAR Model Estimation (BUS Health Level).

	Coefficient	Std. Error	t-Statistic	Prob.
C(1)	-0.423324	0.235984	-1.793870	0.0945
C(2)	-0.157204	0.190028	-0.827271	0.4220
C(3)	-0.007978	0.194797	-0.040957	0.9679
C(4)	0.060762	0.161809	0.375516	0.7129
C(5)	0.089382	0.051671	1.729839	0.1056
C(6)	0.057655	0.056491	1.020611	0.3248
C(7)	-0.005342	0.050889	-0.104982	0.9179
C(8)	-0.026816	0.050044	-0.535845	0.6005
C(9)	-0.139590	0.269880	-0.517228	0.6131
C(10)	-0.210935	0.300570	-0.701783	0.4943
C(11)	-0.653483	0.273894	-2.385896	0.0317
C(12)	-0.463170	0.263939	-1.754839	0.1011
C(13)	0.221094	0.134116	1.648529	0.1215
C(14)	0.059401	0.133653	0.444441	0.6635
C(15)	0.306565	0.128408	2.387437	0.0316
C(16)	0.046322	0.139368	0.332372	0.7445
C(17)	-0.062490	0.047873	-1.305349	0.2128
R-squared	0.696029	Mean dependent var		0.000000
Adjusted R-squared	0.348633	S.D. dependent var		0.258199
S.E. of regression	0.208385	Akaike info criterion		0.002989
Sum squared resid	0.607943	Schwarz criterion		0.789370
Log likelihood	16.95366	Hannan-Quinn criter.		0.259330
F-statistic	2.003561	Durbin-Watson stat		1.863444
Prob(F-statistic)	0.099124			

Source: Data processed by authors

The following regression equation describes the findings of the VAR model using DY as the dependent variable, namely the soundness of Islamic Commercial Banks:

DY =   -0.423324*DY(-1) - 0.157204*DY(-2) -0.007978*DY(-3) + 0.060762*DY(-4) + 0.089382*DX3(-1) + 0.057655*DX3(-2) - 0.005342*DX3(-3) - 0.026816*DX3(-4) - 0.139590*DX2(-1)-0.210935*DX2(2) -

0.653483*DX2(-3) - 0.463170*DX2(-4) + 0.221094*DX1(-1) + 0.059401*DX1(-2) + 0.306565*DX1(-3) + 0.046322*DX1(-4) - 0.062490

Table 6: Estimation Result of VAR Model DX3 Equation (Remuneration of Sharia Supervisory Board)

	Coefficient	Std. Error	t-Statistic	Prob.
C(18)	-0.104753	1.008632	-0.103856	0.9188
C(19)	-0.594491	0.812209	-0.731943	0.4763
C(20)	-1.200311	0.832594	-1.441652	0.1714
C(21)	-0.136504	0.691597	-0.197375	0.8464
C(22)	0.074602	0.220848	0.337800	0.7405
C(23)	0.189349	0.241450	0.784217	0.4460
C(24)	0.129348	0.217507	0.594685	0.5615
C(25)	0.344068	0.213895	1.608583	0.1300
C(26)	2.204340	1.153512	1.910982	0.0767
C(27)	2.481228	1.284685	1.931391	0.0739
C(28)	1.471538	1.170668	1.257007	0.2293
C(29)	1.937280	1.128118	1.717268	0.1080
C(30)	-0.407350	0.573233	-0.710619	0.4890
C(31)	0.624665	0.571253	1.093500	0.2926
C(32)	0.076003	0.548835	0.138480	0.8918
C(33)	1.566631	0.595681	2.629983	0.0198
C(34)	0.033347	0.204615	0.162973	0.8729
R-squared	0.540945	Mean dependent var		0.161290
Adjusted R-squared	0.016311	S.D. dependent var		0.898027
S.E. of regression	0.890673	Akaike info criterion		2.908165
Sum squared resid	11.10617	Schwarz criterion		3.694545
Log likelihood	-28.07656	Hannan-Quinn criter.		3.164505
F-statistic	1.031089	Durbin-Watson stat		2.174013
Prob(F-statistic)	0.481436			

Source: Data processed by authors

The findings of the VAR model with DX3 as the dependent variable, representing the Sharia Supervisory Board remuneration, with the following regression equation:

DX3 = -0.104753*DY(-1) - 0.59449*DY(-2)-1.200311*DY(-3) - 0.136504*DY(-4) + 0.074602*DX3(-1) + 0.18934*DX3(2) + 0.129348*DX3(-3) + 0.344068*DX3(-4) + 2.204340*DX2(1) + 2.481228*DX2(2) + 1.471538*DX2(-3) + 1.937280*DX2(-4) - 0.407350*DX1(-1) + 0.624665*DX1(-2) + 0.076003*DX1(-3) + 1.566631*DX1(-4) + 0.033347

Table 7 : Estimation Results of the DX2 Equation VAR Model (Frequency of Sharia Supervisory Board Meetings)

	Coefficient	Std. Error	t-Statistic	Prob.
C(35)	0.015224	0.259719	0.058616	0.9541
C(36)	0.386714	0.209141	1.849058	0.0857
C(37)	0.092251	0.214390	0.430294	0.6735
C(38)	-0.160886	0.178084	-0.903429	0.3816
C(39)	-0.094231	0.056868	-1.657021	0.1197
C(40)	-0.039272	0.062172	-0.631654	0.5378
C(41)	-0.050601	0.056007	-0.903477	0.3816

Source: Data processed by authors

	Coefficient	Std. Error	t-Statistic	Prob.
C(42)	-0.013932	0.055077	-0.252948	0.8040
C(43)	-0.758768	0.297025	-2.554558	0.0229
C(44)	-0.342775	0.330802	-1.036194	0.3177
C(45)	-0.348692	0.301443	-1.156744	0.2667
C(46)	-0.054897	0.290486	-0.188982	0.8528
C(47)	-0.270428	0.147605	-1.832100	0.0883
C(48)	-0.013013	0.147096	-0.088467	0.9308
C(49)	-0.016504	0.141323	-0.116781	0.9087
C(50)	-0.104027	0.153386	-0.678207	0.5087
C(51)	0.022249	0.052688	0.422272	0.6792

R-squared	0.645087	Mean dependent var		-0.012903
Adjusted R-squared	0.239472	S.D. dependent var		0.262985
S.E. of regression	0.229345	Akaike info criterion		0.194666
Sum squared resid	0.736388	Schwarz criterion		0.981046
Log likelihood	13.98268	Hannan-Quinn criter.		0.451006
F-statistic	1.590391	Durbin-Watson stat		1.902495
Prob(F-statistic)	0.194394			

Source: Data processed by authors

The following regression equation was used to calculate the findings of the VAR model with DX2 as the dependent variable, namely the frequency of Sharia Supervisory Board meetings:

DX2 = 0.015224*DY(-1) + 0.386714*DY(-2) + 0.092251*DY(-3) - 0.160886*DY(-4) - 0.094231*DX3(-1) - 0.03927*DX3(-2) - 0.050601*DX3(-3) - 0.013932*DX3(-4) - 0.758768*DX2(-1) - 0.34277*DX2(-2) -0.348692*DX2(-3) - 0.054897*DX2(-4) - 0.270428*DX1(-1) - 0.013013*DX1(-2) - 0.016504*DX1(-3) -0.104027*DX1(-4) - 0.104027

Table 8 : Estimation Results of the DX1 Equation VAR Model (Number of Sharia Supervisory Board Members)

	Coefficient	Std. Error	t-Statistic	Prob.
C(52)	0.720254	0.285865	2.519563	0.0245
C(53)	0.131169	0.230195	0.569816	0.5778
C(54)	0.104567	0.235972	0.443131	0.6644
C(55)	0.228790	0.196011	1.167227	0.2626
C(56)	0.069541	0.062592	1.111016	0.2853
C(57)	-0.109846	0.068431	-1.605197	0.1308
C(58)	-0.098775	0.061645	-1.602307	0.1314
C(59)	-0.146812	0.060622	-2.421774	0.0296
C(60)	-0.129820	0.326926	-0.397092	0.6973
C(61)	-0.622838	0.364103	-1.710609	0.1092
C(62)	-0.538573	0.331789	-1.623242	0.1268
C(63)	0.135211	0.319729	0.422892	0.6788
C(64)	0.153787	0.162465	0.946588	0.3599
C(65)	-0.121298	0.161904	-0.749196	0.4661
C(66)	-0.170964	0.155550	-1.099092	0.2903
C(67)	-0.781366	0.168827	-4.628207	0.0004
C(68)	0.053211	0.057992	0.917566	0.3744
R-squared	0.699396	Mean dependent var		-0.032258
Adjusted R-squared	0.355850	S.D. dependent var		0.314523
S.E. of regression	0.252433	Akaike info criterion		0.386502
Sum squared resid	0.892114	Schwarz criterion		
Log likelihood	11.00921	Hannan-Quinn criter.		0.642843
F-statistic	2.035811	Durbin-Watson stat		2.224999
Prob(F-statistic)	0.094155			

Source: Data processed by authors

The findings of the VAR model with DX1 as the dependent variable, namely the number of Sharia Supervisory Board members, using the regression equation shown below:

$$DX1 = 0.720254*DY(-1) + 0.131169*DY(-2) + 0.104567*DY(-3) + 0.228790*DY(-4) + 0.069541*DX3(-1) - 0.109846*DX3(-2) - 0.098775*DX3(-3) - 0.146812*DX3(-4) - 0.129820*DX2(-1) - 0.622838*DX2(-2) - 0.538573*DX2(-3) + 0.135211*DX2(-4) + 0.153787*DX1(-1) - 0.12129*DX1(-2) - 0.170964*DX1(-3) - 0.781366*DX1(-4) + 0.053211$$

IV. Discussion

Interpretation of VAR Model Results DY Equation (BUS Health Level)

Table 5 shows the estimate results of the DY equation VAR model (BUS health level) that the BUS health level variable in the first lag has a negative influence on the BUS health level that is significant at the 10% real level of -0.423324. This indicates that a 1% rise in the BUS health level in the preceding period, namely the first quarter, will result in a -0.42 percent fall in the present BUS health level. This demonstrates that the BUS's health level highly impacts the BUS's health level reduction in the prior era.

The changing frequency of the Sharia Supervisory Board meeting in the third lag negatively influences the BUS's health level, which is significant at a 5% threshold of -0.653483. This suggests that a 1% increase in the frequency of Sharia Supervisory Board meetings in the preceding period, namely the third quarter, will result in a -0.65 percent fall in the current BUS health level. This demonstrates that the frequency of Sharia Supervisory Board meetings in the prior period has a considerable effect on BU's health status reduction.

The variable number of Sharia Supervisory Board members in the third lag has a favorable influence on the BUS's health level, significant at the 5% significance level of 0.306565. This indicates that a 1% rise in

the number of Sharia Supervisory Board members in the preceding period, namely the third quarter, will result in a 0.31 percent increase in the current BUS health level. This demonstrates that the rise in BUS's health level is substantially impacted by the number of Sharia Supervisory Board members in the prior period.

The f-test reveals a p-value of 0.099124 0.10, indicating that all independent variables (BUS health level, number of Sharia Supervisory Board members, frequency of Sharia Supervisory Board meetings, and Sharia Supervisory Board remuneration) can explain the variation in the BUS health level variables together. The adjusted R-squared value is 0.348633, indicating that the independent variable variation (BUS health level, number of Sharia Supervisory Board members, frequency of Sharia Supervisory Board meetings, and Sharia Supervisory Board remuneration) can explain 34.86 percent of the variation in BUS health level variables, while the remaining 65.14 percent is explained by other variables not investigated.

Interpretation of VAR Model Results DX3 Equation (Sharia Supervisory Board Remuneration)

Table 6 shows the estimation results of the DX3 equation VAR model (remuneration of the Sharia Supervisory Board) that the variable frequency of the Sharia Supervisory Board meeting in the first lag has a positive effect on the remuneration of the Sharia Supervisory Board that is significant at the 10% level of 2.204340. This indicates that a 1% increase in Sharia Supervisory Board meetings in the prior period, namely the first quarter, will result in a 2.20 percent rise in current Sharia Supervisory Board salary. This demonstrates that the frequency of Sharia Supervisory Board meetings in the prior period considerably affects the growth in Sharia Supervisory Board salary.

The variable frequency of the Sharia Supervisory Board's meeting in the second lag influences the Sharia Supervisory Board's salary, which is substantial at the 10% threshold of 2.481228. This indicates that a 1% increase in Sharia Supervisory Board meetings in the prior period, namely the second quarter, will result in a 2.48 percent rise in current Sharia Supervisory Board salary. This demonstrates that the frequency of Sharia Supervisory Board meetings in the prior period considerably affects the growth in Sharia Supervisory Board salary.

The variable number of Sharia Supervisory Board members in the fourth lag positively influences Sharia Supervisory Board compensation, which is significant at a 5% significance level of 1.566631. This indicates that a 1% rise in the number of Sharia Supervisory Board members in the prior period, namely the fourth quarter, will result in a 1.57 percent increase in the Sharia Supervisory Board's current compensation. This demonstrates that the growth in Sharia Supervisory Board salary is substantially impacted by the number of Sharia Supervisory Board members in the prior period. The f-test reveals a p-value of 0.481436> 0.05, indicating that all independent variables (BUS health level, number of Sharia Supervisory Board members, frequency of Sharia Supervisory Board meetings, and Sharia Supervisory Board remuneration) together are unable to explain the variation in Sharia Supervisory Board remuneration.

Interpretation of VAR Model Results DX2 Equation (Frequency of Sharia Supervisory Board Meetings)

Table 7 shows that the BUS health level variable in the second lag positively influences the frequency of Sharia Supervisory Board meetings, which is significant at the 10% level of 0.386714. This indicates that a 1% increase in the BUS's health level in the prior period, namely the second quarter, will result in a 0.39 percent increase in the present frequency of Sharia Supervisory Board meetings. This demonstrates that the BUS's soundness substantially impacts the rise in the frequency of Board of Directors meetings in the preceding era.

The variable frequency of the Sharia Supervisory Board meeting in the first lag negatively influences the frequency of the Sharia Supervisory Board meeting, which is significant at the 5% level of significance of -0.758768. This indicates that if the frequency of Sharia Supervisory Board meetings increased by 1% in the preceding period, namely the first quarter, the current frequency of Sharia Supervisory Board meetings will decline by -0.76 percent. This demonstrates that the frequency of Sharia Supervisory Board meetings in the previous period considerably impacts the frequency of Sharia Supervisory Board meetings in the current term.

In the first lag, the variable number of Sharia Supervisory Board members negatively influences the frequency of Sharia Supervisory Board meetings, which is significant at the 10% level of -0.270428. This suggests that a 1% increase in the number of Sharia Supervisory Board members in the preceding period, namely the first quarter, will result in a -0.27 percent drop in the present frequency of Sharia Supervisory Board sessions. This demonstrates that the number of Sharia Supervisory Board members in the preceding period has a considerable effect on the decline in the frequency of Sharia Supervisory Board sessions.

The f-test offers a p-value of 0.194394> 0.05, indicating that all independent variables combined are unable to explain the variation in the variable frequency of Sharia Supervisory Board meetings.

Interpretation of VAR Model Results Equation DX1(Number of Sharia Supervisory Board Members)

Table 8 shows that the estimate of the DX1 equation VAR model (number of Sharia Supervisory Board members) shows that the BUS health level variable in the first lag has a positive influence on the number of

Sharia Supervisory Board members, which is significant at a 5% significance level of 0.720254. This indicates that a 1% improvement in the BUS's health level in the prior period, namely the first quarter, will result in a 0.72 percent increase in the present number of Sharia Supervisory Board members. This demonstrates that the BUS's soundness substantially impacts the rise in the number of Sharia Supervisory Board members in the previous era.

The variable salary of the Sharia Supervisory Board negatively influences the number of Sharia Supervisory Board members in the fourth lag, which is significant at the 5% level of significance of -0.146812. This indicates that a 1% rise in the Sharia Supervisory Board's salary in the prior period, namely the fourth quarter, will result in a -0.15% fall in the current number of Sharia Supervisory Board members. This demonstrates that the preceding period's salary of the Sharia Supervisory Board had a significant impact on the fall in the number of Sharia Supervisory Board members.

The variable number of Sharia Supervisory Board members in the fourth lag negatively influences the number of Sharia Supervisory Board members, which is significant at the 5% level of significance of -0.781366. This indicates that if the number of Sharia Supervisory Board members increased by 1% in the preceding period, namely the fourth quarter, the current number of Sharia Supervisory Board members will decline by -0.78 percent. This demonstrates that the drop in the number of Sharia Supervisory Board members is highly impacted by the number of Sharia Supervisory Board members in the previous period.

The f-test reveals a p-value of 0.094155 0.10, indicating that all independent variables (BUS health level, number of Sharia Supervisory Board members, frequency of Sharia Supervisory Board meetings, and Sharia Supervisory Board remuneration) can explain the variation in the variable number of Sharia Supervisory Board members. The adjusted R-squared value is 0.355850, indicating that the variation in the independent variables can explain 35.59 percent of the variation in the number of Sharia Supervisory Board members, with the remaining 64.41 percent explained by other variables not examined.

V. Conclusion

Based on the results of research and discussion, it can be concluded that:

1. The results of the VAR model of the equation of sharia commercial bank soundness show that the frequency of sharia supervisory board meetings in the third lag, the number of members of the sharia supervisory board, and the soundness of sharia commercial banks in the first lag can all affect sharia commercial bank soundness. Meanwhile, it demonstrates that the soundness of sharia commercial banks is affected by the number of members on the sharia supervisory board, the frequency of sharia supervisory board meetings, and the salary of the sharia supervisory board.

2. The results of the VAR model of the equation of the number of sharia supervisory board members show that the soundness of sharia commercial banks in the first lag, the remuneration of the sharia supervisory board, and the number of sharia supervisory board members in the fourth lag can all influence the number of sharia supervisory board members. Meanwhile, it demonstrates that the soundness of sharia commercial banks, the number of members of the sharia supervisory board, the frequency of sharia supervisory board meetings, and the sharia supervisory board's salary may all influence the number of sharia supervisory board members.

3. The results of the VAR model equation for the frequency of sharia supervisory board meetings partially show that the soundness of Islamic commercial banks in the second lag, the number of members of the sharia supervisory board and the frequency of sharia supervisory board meetings in the first lag can affect the frequency of sharia supervisory board meetings. Meanwhile, simultaneously, it shows that the soundness of sharia commercial banks, the number of members of the sharia supervisory board, the frequency of sharia supervisory board meetings, and the remuneration of the sharia supervisory board can affect the frequency of sharia supervisory board meetings.

4. The findings of the VAR model of the sharia supervisory board's pay equation demonstrate that the number of sharia supervisory board members in the fourth lag and the frequency of sharia supervisory board meetings in the first and second lags can impact the sharia supervisory board's remuneration. Meanwhile, it demonstrates that the soundness of sharia commercial banks, the number of members of the sharia supervisory board, the frequency of sharia supervisory board meetings, and the sharia supervisory board's pay may all impact the sharia supervisory board's remuneration.

Recommendation

A number of other factors that can be utilized as indicators in future study are likely to be included for future research. Further study can employ other independent variables, both external and internal, to identify a number of other elements that influence value performance. The study's limitations might be a fantastic opportunity for future research. Future study is intended to broaden the research sample in order to improve the outcomes.

References

[1].   Adiertanto, C. P., and Chariri, A. (2013). "Analisis Pengaruh Islamic Corporate Governance Terhadap Pengungkapan Corporate Social Responsibility (Studi kasus pada Bank Syariah di Asia)", Diponegoro Journal of Accounting, Vol. 2 (1), 168-182

[2].   Awuor, M. M. (2012). The Relationship between Director Remuneration and Performance of Firms Listed in the Nairobi Securities Exchange. Working Paper, University of Nairobi

[3].   Chariri, Charles. 2012. Analisis Pengaruh Islamic Corporate Governance Terhadap PengungkapanCorporate Social Responsibility (Studi Kasus Pada Bank Syariah Di Asia). Diponegoro Journal Of Accounting, 2012.

[4].   Endraswati, Hikmah. 2017. Struktur Islamic Corporate Governance dan Kualitas Pengungkapan Laporan Keuangan Pada Bank Syariah Di Indonesia Perspektif Governance dan Finance. Salatiga: LP2M press

[5].   Gul, Sajid, Muhammad Sajid and Nasir Razzaq. (2012). Agency Cost, Corporate Governance and Ownership Structure (The Case of Pakistan). International Journal of Business and Social Science, 3(9), pp: 268-277.

[6].   Khalid, Sania dan Mobeen Ur Rehman. (2014). Impact of Director's Remueration on Financial Performance of a Firm. International Journal of Information, Business and Management. 6(1). 180-196.

[7].   Kakabadse, N. K., A. Kakabadse, and A. Kouzmin. (2004). Directors' Remuneration: The Need for a Geo- Political Perspective. Personnel Review, 33 (5), 561-582.

[8].   Kusuma, H., & Ayumardani, A. (2016). The corporate governance efficiency and Islamic bank performance: an Indonesian evidence. Polish Journal of Management Studies, 13(1), 111-120.

[9].   Mollah, S, dan M. Zaman. 2015.Shariah Supervision,Corporate Governance,And Performance:Conventional vs Islamic Banks. Journal of Banking and Finance,Vol.58:418-435.

[10].   Otoritas Jasa Keuangan (2010–2018). Islamic Banking Statistics, Financial Services Authority, Republik of Indonesia, Bank Licensing and Banking Information Department, Retrieved from: http://www.ojk.go.id.

[11].   Peni Nugraheni dan Rahma Dwi Yuliani. (2016). Mekanisme Corporate Governance dan Pengungkapan Islamic Social Reporting pada Perbankan Syariah di Indonesia dan Malaysia. Jurnal Kajian Ekonomi dan Bisnis IQTISHADIA Volume 10 Nomor 1 2017 ISSN : 2502-3993

[12].   Peraturan Otoritas Jasa Keuangan No. 45/POJK.03/2015 tentang Penerapan Tata Kelola dalam Pemberian Remunerasi bagi Bank Umum

[13].   Peraturan Otoritas Jasa Keuangan No.8/PJOK.03/2014 tentang penilaian kesehatan bank umum syariah dan unit usaha syariah

[14].   Rahman, Azhar Abdul & Bukhair Abdullah A. 2013. The Influence of the Shariah Supervision Board on Corporate Social Responsibility Disclosure by Islamic Banks of Gulf Co-Operation Council Countries Asian. Journal of Business and Accounting, 6(2).

[15].   Rahayu, R. S., dan Cahyati, A. D. (2014). Faktor-Faktor Yang Mempengaruhi Pengungkapan Corporate Social Responsibility(CSR) Pada Perbankan Syariah. Jurnal F. Ekonomi: Jrak, 5(02).

[16].   Sugiyono. (2014). Metode Penelitian Pendidikan Pendekatan Kuantitatif, Kualitatif, dan R&D. Bandung: Alfabeta.

[17].   Taswan. 2010. Manajemen Perbankan (konsep, teknik, dan aplikasi) Edisi II. Yogyakarta: UPP STIM YKPN

[18].   Teg, Wayan T dan Wiwik Utami. (2013). Pengaruh Gender Diversity dan Remunerasi Direksi terhadap Kinerja Perusahaan di Bursa Efek Indonesia

[19].   Tulus Suryanto, Manajemen Laba pada Bank Syariah di Indonesia: Peran KomiteAudit dan Dewan Pengawas Syariah, kinerja, Volume 18, No.1, Th. 2014

[20].   Utami (2017) Kinerja dan Kompensasi Masa Depan di Bank Syariah dan Konvensional" Jurnal Akuntansi dan Keuangan Islam Vol. 5, No. 1 (April 2017)Yegon, Charles, Jane Sang and Joseph Kirui. (2014). The Impact of Corporate Governance on Agency Cost: Empirical Analysis of Quoted Services Firms in Kenya. Research Journal of Finance and Accounting, 5(12), pp: 145-154.

[21].   Yusvita Nena (2018) "Arinta   Pengaruh Corporate Gorvenance Islam terhadap Tax Avoidance" Jurnal Bisnis dan Manajemen Islam, Vol. 6 No. 2