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10 YEARS OF RESEARCH ON ISLAMIC GOVERNANCE AND COMPANY PERFORMANCE: STUDY OF THEORY, RESEARCH GAP AND OPPORTUNITIES FOR FUTURE RESEARCH

Abstract: *This study aims to conduct a review of various studies that examine corporate governance, islamic governance and performance. In addition, the study also highlights research gaps and propose some ideas for future research. In order to fulfill the purpose of research, this study conducted a review of several articles published in various journals of accounting and management for 10 years in the period 2005-2015. The discussion in this article consists of four parts. First, a description of the approach of the review will be implemented. Second, the conceptual basis of islamic governance. Third, recent empirical research related to islamic governance and performance. Fourth, research gaps from previous research and opportunities for future research. The review of several articles shows that research is still relatively rare that examines the effect of Islamic governance on corporate value and credit risk, as well as the impact of financial performance on the disclosure of Islamic governance.. Similarly, there is little research that examines the relationship between islamic governance with other topics such as social performance.*

Key words: corporate governance, islamic governance, performance

Language: English

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INTRODUCTION

Corporate governance has become an important tool especially after public company bankruptcies due to accounting fraud scandals such as Polly Peck (1990), International Credit and Commercial Banks (1991), Barings Bank (1995), Enron (2001) and WorldCom (2004) (Qureshi and Qurashi, 2014). This has led to an increase in both the concept level and empirical findings that examine various matters concerning corporate governance and its relationship to company performance both financial performance, human resource performance and social performance. In the end, the concept of Islamic or islamic governance is also emerging which is known as Islamic corporate governance or islamic governance

Corporate governance in a narrow view is interpreted as a formal system of senior management accountability to shareholders. In contrast, in a broad view of corporate governance encompasses all formal networks and informal relationships that

involve the corporate sector and its consequences for society in general (Hasan, 2009). The concept of a more complete corporate governance was raised by the OECD as described by Mizushima (2014). Mizushima's study (2014) describes the concept of corporate governance in a western view according to the OECF in June 2004. The concept includes: (1) ensuring the basis for an effective corporate governance framework; (2) shareholder rights and key ownership functions; (3) fair treatment of shareholders; (4) the role of stakeholders in corporate governance; (5) disclosure and transparency; and (6) board responsibilities. Corporate governance refers to the method by which the company is directed, administered or controlled. But the evolution of corporate governance can differ between countries. Morck (2006) describes the history of corporate governance in large companies in 11 countries. Morck (2006) explains that each country uses a different approach to the evolution of corporate governance. This heterogeneity makes it difficult to



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underline general factors that can be applied to all countries.

In line with the development of the concept of corporate governance, in empirical studies also experienced a significant increase. Many empirical studies have been carried out in assessing corporate governance and its effects on performance as the study of Black et al. (2003), Klapper and Love (2002), Darmawati et al. (2005), and Adnan et al. (2011). The results of their study found a strong relationship between corporate governance and performance. But their studies were carried out on conventional companies. In addition, other studies learn about what factors influence the quality of corporate governance implementation or in other words the determinants of corporate governance implementation such as Gillan's et al. (2003), Drobetz et al. (2004), Barucci and Valini (2004), and Black and Kim (2003) in Darmawati (2006).

An important question to answer is what about corporate governance that implements sharia values? Is there something different compared to corporate governance in general? Islamic companies or institutions have many similarities with conventional companies or institutions, so that at this level the existing corporate governance framework can be used. However, caution is needed because Islamic institutions have unique characteristics that are not found in conventional institutions. This is because Islamic corporate governance combines elements of Tawhid, Sharia rules and maintaining personal goals without neglecting social welfare duties. Hasan's study (2009) discusses the basic elements of Islamic corporate governance with Western partners in the aspect of conceptual definition, corporate objectives, the nature of management and corporate structure.

This unique characteristic has led to the emergence of the term islamic governance, as part of corporate governance. Islamic governance is an important element that is specifically found in Islamic financial institutions. In carrying out Islamic governance, the Islamic financial institution refers to the principle of "IFSB Guiding Principles on Corporate Governance" where the principle states that the right mechanism must be made to ensure compliance with Sharia principles. The IFSB guidelines also state that Islamic financial institutions must have adequate systems and controls, including the Sharia Supervisory Board (DPS) to ensure compliance with Sharia principles. The Sharia Supervisory Board must have several criteria including competence, independence, confidentiality, and consistency.

Compliance with sharia principles (shariah compliance) as stipulated in one of the IFSB principles is a principle or pillar that is always held by sharia institutions or institutions and this is the place that distinguishes between a sharia institution and a general (conventional) institution. On the other

hand, if the sharia institution conducts customers against shariah compliance, it will have a very significant impact on its operational performance. Chapra & Ahmad Study analyzed the impact that must be borne by Islamic banks if they violate the principles of sharia. Chapra & Ahmad (2002) found that as many as 288 customers (62%) of the 463 customers involved in the islamic governance survey would transfer their funds to other Islamic banks in the event of a "sharia violation" in the operations of Islamic banks. The study was conducted on 14 Islamic banks in Bahrain, Bangladesh and Sudan.

This article has the following discussion structure: the review approach in this study, the conceptual basis of islamic governance, research updates on the study of islamic governance and its relationship to company performance, research gaps from past research and opportunities for future research. While this article has not yet reached the level of review of research findings based on the type or form of performance used, research settings, theories used, research methods, and technical analysis used because it requires sufficient time and energy to collect and select articles related to the topic and at the same time reviewing the five categories.

KEY DISCUSSION

Study Approach

In conducting data collection, this study uses various accounting, business and management journals that are relevant to research in the field of corporate governance and islamic governance (shariah corporate) through access to e-journals such as: search.ebscohost.com; <http://www.worldscientific.com/worldscinet/qjf>; stie_perbanas@aol.co.uk; and search.proquest.com. In this study, also the google search engine and google scholar were also used to find additional publications on corporate governance and islamic governance. Researchers do browsing publications and determine their relevance and then download the article. The articles collected in this study are 10 (ten) years namely articles published in 2005-2015 in the journals mentioned earlier.

From the start, the focus of this study is on publications that explicitly concentrate on corporate governance and islamic governance. Search through Google Scholar by using keywords "corporate governance" and "islamic governance" and "performance", and based on articles published through e-journal access. Initial search results obtained by all articles in pdf format that use keywords as previously mentioned but some of these articles have not been linked to the specified requirements. In the next stage, a physical examination is conducted to determine the extent to which these articles are related to the topic of

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corporate governance, islamic governance and performance.

This study is more appropriate to say that an essay on corporate Islamic studies and studies also seeks to identify important issues related to the conceptual basis and practice of corporate governance and islamic governance, which will help detect the theory gap and research gaps (research gap) and will recommend several new directions for future research around corporate governance and its relationship to performance. Before presenting research updates on islamic governance or Islamic corporate governance and the emergence of research gaps and future research opportunities, it will be explained in advance about the conceptual basis of islamic governance (islamic governance).

The Basic Concept of Islamic Governance

The history of islamic governance (islamic governance) cannot be separated from the number of Muslim population in the world and the growth of financial institutions or Islamic institutions. At present it is estimated that the Muslim population in the world is 1.6 billion or about one third of the total world population. Islamic financial measures are said to be around US \$ 1,631 trillion with an annual growth rate of 20.4% over the past five years at the end of March 2012. The total size is smaller than the size of the world's largest financial institution, with 18 banks in the world with more than US assets. \$ 1,631 trillion, according to the magazine "The Banker" concerning the ranking of the world bank in 2013 (Mizushima, 2014). Islamic financial institutions, namely Islamic banking, takaful insurance and sharia capital markets not only grow rapidly in Muslim countries, but also grow rapidly in non-Muslim countries (Kasim et al., 2013). Seeing this growth, islamic governance is very much needed and is an integral part of corporate governance.

The concept of Islamic corporate governance is completely different from the concept of corporate governance which is being implemented in various countries in the world. Munid (2007) has explained four important characteristics of Islamic corporate governance practices such as accountability, transparency, fairness and responsibility. Based on the aspect of accountability, every Muslim has a belief that they must account for all their actions in the afterlife (life after death). In this way Muslims are responsible for all their actions in which they are involved in this world. Muslims must follow the concept of transparency because as a Muslim he will not be involved in all kinds of corruption or fraud so Muslims must emphasize the need for transparency in every area of life. Justice is one of the important characteristics of Islamic teachings and Islam follows the concept of collective decision making, political freedom and tolerance in resolving disputes. Everyone who works in the company is bound to

work ethically and follow the teachings of Islam in the company's commercial activities. As directors hold all company assets so that under the Islamic concept of corporate governance they are bound to take advantage of the company's property for the achievement of corporate objectives only (Qureshi and Qurashi 2013)

Corporate governance or sharia institutions include corporate governance and islamic governance, which in Hasan's language (2009) is said to be Islamic corporate governance. The most important thing to understand is how the goals of governance in Islam are. The functions and objectives of governance in Islam are to define and achieve objective criteria by understanding the relationship between important variables supported by policies, programs and strategic coalitions. Clear and precise objective criteria lead to the determination of policies, programs and strategies by means of institutional consensus and the implementation of the right instruments needed by the corporation (Choudhury and Hoque, 2006). Objective functions place maqasid sharia as the ultimate goal of corporate governance. Corporate governance in Islam and the West plays a very important role in order to meet the specific goals and objectives of the corporation. Islam adds more value by focusing on the elements of Shari'ah Maqasid which cannot be found in Western concepts (Hasan, 2009). Hasan (2009) and Choudhury and Hoque (2006) emphasize that the maqashid syariah element which lies in the difference between governance in Islam and governance in the west. Maqashid sharia refers to the goals or intentions of business entities in the perspective of Islamic law. Imam al-Ghazali in Dusuki and Abdullah (2007) explains that the purpose of Sharia (maqashid syariah) is to create the welfare of all mankind, which lies in maintaining faith (din), human soul (nafs), intellectual or reason ('aql), descent (nasl) and property (mall). Several studies have been carried out based on the Islamic maqshid element in studying islamic governance such as the study of Dusuki and Abdullah (2007), and El Junusi (2012).

Although all Islamic economists or Islamic jurists agree on the concept of Tawhid as one of the philosophical pillars of Islamic economics, very few observe and write about the Tawhid and Shura-based approach to the issue of corporate governance. One of the few of the researchers was Choudhury and Hoque (2004), Hasan (2009) and Qureshi and Qurashi (2013) which discussed the Tawhid and Shura-based approaches in corporate governance models. Islam provides the basic principle of governance in which everything created by Allah has a purpose and humans are created to become caliphs in the world. This puts trust in humans as caliphs on earth, God plays an active role to monitor and engage



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in every human affair and He realizes and knows everything.

The Tawhid principle will be the basis for the model of corporate governance in Islam as a party involved in companies that are responsible to God (Hasan, 2009). All elements in the company, both directors, employees, commissioners must put the principle of tawhid in every activity of their duties and responsibilities. This tawhid-based approach should be included in the Islamic corporate governance model. There are four principles and instruments governing Islamic governance extension Tauhid unity of knowledge through interactive, integrative and evolutionary processes to interact with environmental factors, principles of justice, principles of productive involvement of resources in social and principles of economic activity and recursive intentions among the above stages. All of these principles are the main premise of Islamic corporate governance where the rules of the Shari'a are embedded in the Koran and al-Sunnah which make Islamic corporations market driven and at the same time uphold the principles of social justice (Choudury and Hoque 2004)

Islamic corporate governance is also based on a stakeholder-oriented approach. In a stakeholder-oriented model, there are two basic concepts of sharia principles, namely ownership rights and contractual frameworks. The governance of every company in Islam is governed by Islamic Sharia in which all parties including shareholders, management, other stakeholders such as employees, suppliers, depositors and the public. The Sharia Board has the role of advising and supervising corporate operations so as to ensure that it is in accordance with sharia principles. The board of directors acting on behalf of the shareholders has the duty to monitor and oversee the overall business activities and the manager has a fiduciary duty to manage the company as trust for all stakeholders and not for shareholders only. Other stakeholders such as employees, depositors, customers have an obligation to do all their contractual obligations (Hasan, 2009). Each stakeholder has different duties and responsibilities in carrying out their obligations in accordance with the agreed upon contract.

In addition to Hasan's (2009) study, and Choudhury and Hoque (2006), another study that is quite good in explaining the relationship between corporate governance and islamic governance is a study conducted by Mizushima (2014). The Mizushima Study (2014) aims to examine the relationship between corporate governance and islamic governance (islamic governance) and how these two governance concepts are handled in Islamic financial institutions. Mizushima in his study (2014) used the terms "governance," "western corporate governance" and "Islamic islamic governance". The main research question is how are

the differences or similarities between governance in conventional banks and governance in Islamic banks? Mizushima (2014) wants to find answers to this question by conducting a comparative analysis of widely accepted guidelines. Mizushima (2014) reviewed the concept of corporate governance originating from the Organization of Economic Cooperation and Development (OECD). Mizushima's (2014) study explains how the concept of corporate governance extended to the conventional banking industry and then how to be introduced to the sharia banking industry. The study found that islamic governance (islamic governance) is a concept that comes first in Islamic banks and the practice of Islamic governance is actually limited to the implementation of sharia compliance (shariah compliance).

As an integral part of corporate governance, islamic governance guidelines are of the utmost importance to be understood and implemented by the company. This study mostly refers to the study of Kasim et al. (2013) in order to understand some of these islamic governance guidelines. Kasim et al. (2013) attempted to conduct a comparative study of islamic governance guidelines made by three institutions namely Accounting, Auditing Organization for Islamic Financial Institutions (AAOIFI), Islamic Financial Services Board (IFSB) and Bank Negara Malaysia (BNM). Interesting findings from the study of Kasim et al. (2013) is that the Islamic governance framework provided by AAOIFI has seven parts. In the case of the IFSB, the framework includes the scope and approach of the Islamic governance system and the qualitative characteristics of the Sharia Supervisory Committee. BNM provides general terms of the framework, qualitative characteristics and provides sharia review guidelines and sharia audits. BNM further provides guidance on the functions of sharia risk management and sharia research in the field of Islamic finance.

Research Update on Islamic Governance and Corporate Performance

Many research has been examined by researchers regarding Islamic corporate governance as practiced by Saad et al. (2010), Al-Matari et al. (2012), Fallatah and Dickins (2012), Rezaei and Jalilmehr (2012), Magalhaes and Al-Saad (2013), Qureshi and Qurashi (2013), Ghaffar (2014), Obid and Naysary (2014), Musibah and Alfattani (2014), Bourakba and Zerargui (2015), and Maurya et al. (2015). These studies link Islamic corporate governance with other constructs or variables so that variations in these relationships have a good impact on the development of research in the field of Islamic corporate governance. The presentation of the following researches is sorted according to the earlier research year to the 2015 research year.



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Study of Saad et al. (2010) aims to investigate the efficiency of conventional and sharia trust companies in Malaysia during the period 2002 to 2005. The study adopted Data Envelopment Analysis (DEA) to investigate efficiency, as measured by the Malmquist index, which breaks down into two components: efficiency and index changes technical changes. This study shows that technical efficiency is a major contributor to improving the efficiency of trust in the trust industry in Malaysia. In addition, the larger the size of the trust company, the more inefficient the performance. The study also found that some Islamic unit trust companies performed better than their conventional competitors. The contribution of this research is that it analyzes the efficiency of two important and relevant unit trust industries in Malaysia.

The study of Fallatah and Dickins (2012) aims to examine the relationship between characteristics of corporate governance and company performance and the value of Saudi Arabia companies listed on the Exchange by using an index to capture the combined effects of the characteristics of corporate governance. This study is motivated by the current conditions where Saudi Arabia is currently an international market for investment. This study found that corporate governance and corporate performance (measured as return on assets) are not significantly related, but corporate governance and corporate value (measured as Tobin Q and equity market value) have a positive and significant relationship.

Study of Al-Matari et al. (2012) focused on corporate governance mechanisms which included board composition, CEO duality, board size, audit committee independence, audit committee activities, and audit committee size. While the study Rezaei and Jalilmehr (2012) investigated how corporate governance affects accounting results and firm performance in the period 2005 to 2010. The fact that corporate governance affects financial variables and non-variables financially, this study seeks to find the impact of corporate governance on accounting results and company performance. This study uses a sample of 77 companies registered in Tehran Stock Market. The findings of this study indicate that the corporate governance strategy has a significant impact on all three variables, namely future stock output, future asset output and uncommon promissory items.

The study of Magalhaes and Al-Saad (2013) aims to determine the relationship between the practice of corporate governance and the security of the interests of an unlimited number of account holders' rights, as abbreviated as UIAHs (Unrestricted investment account holder) as the main stakeholder. The study was motivated by the fact that the practice of corporate governance in Islamic financial institutions, abbreviated as IFI (Islamic Financial Institution) is not enough to guarantee the rights of unlimited investment account holders

(UIAHs). This study uses qualitative research methodology and a sample of 16 managers from 12 Islamic financial institutions in Kuwait, Bahrain, United Arab Emirates and Malaysia. This study found that corporate governance practices implemented by the IFI were not effective enough to protect UIAHs rights. The study also found that a lack of responsibility, accountability and independence in decision making contributed to the ineffectiveness of current practices in Islamic financial institutions (IFIs). The main limitation of the study of Magalhaes and Al-Saad (2013) is the small size of the sample used so that exploration and further studies can use a larger sample.

The Qureshi and Qurashi (2013) study was carried out on the basis of thinking to identify that Islamic corporate governance practices can help protect the interests of all stakeholders. Furthermore, this study tries to explore that effective practices of Islamic corporate governance to protect the interests of shareholders in the Pakistani corporate sector. This paper highlights how Islamic corporate governance is an effective tool compared to auditing. This study uses a sample of three Pakistani companies listed on the Karachi stock exchange such as Rafhan Maize Products Pakistan, Ismail Industries Limited and Mitchell Fruit Farm Limited.

The study of Tsafe and Rahman (2013) aims to explore and analyze as far as the dimensions of sharia spirituality explain the performance of the board of microfinance institutions in Malaysia. The data obtained came from 63 questionnaire responses in 4 microfinance organizations. The research findings determine to the extent that Islamic spiritual values explain the board's performance so that it shows the importance of governance mechanisms in the company's development process, boards in Malaysian Islamic microfinance institutions (IMFIs) can play an important role that can be known from the assessment of the impact of sharia spirituality on board service performance. This study contributes to our understanding of many subjects under Sharia spirituality research from an Islamic perspective in terms of its application to improve corporate performance.

Ghaffar's (2014) study aims to see the impact of corporate governance practices on the profitability of Islamic banks. One of the motivations of this study is that there are still relatively few corporate governance studies taking samples of Islamic banking in Pakistan. Corporate governance variables are measured using board size and board independence. Bank profitability is measured using the ratio of return on assets (ROA) and return on equity (ROE). The sample used in this study is an Islamic bank in Pakistan. Data were analyzed using regression analysis. Ghaffar's (2014) study found that all corporate governance variables that have a significant relationship with bank profitability. The

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profitability of Islamic banks in Pakistan tends to increase in line with the implementation of good corporate governance. This study suggests that corporate governance must be adopted by all banks so that they have greater profitability and the government must encourage good corporate governance practices in all sectors. Furthermore, this study is encouraged so that awareness related to corporate governance must be brought to bank employees by providing training on components that can improve corporate governance. In this way, by acting on corporate governance policies, the profitability of Islamic banks can be increased.

Study Obid and Naysary (2014) aims to develop a comprehensive theoretical framework for interpreting Islamic governance mechanisms (shariah goernance) in Islamic financial institutions (IFIs). Through a review of existing theories used to explain the phenomenon of corporate governance, this study explains three of the most commonly used theories in corporate governance and Islamic governance, namely agency theory, stewardship theory and stakeholder theory. used and integrated based on interrelated concepts and their third relationship with Islamic governance. The theoretical framework built includes five concepts, namely accountability, openness and transparency, competence, confidentiality and independence among key functionaries in Islamic governance, which are considered to be the principles of Islamic governance. Obid and Naysary (2014) research is one of the first attempts to build an integrated theoretical foundation for Islamic governance at IFI and the theoretical framework developed can be used as a basis for ideal interpretation and comparison compared to practical situations that exist in Islamic governance in Islamic financial institutions.

The study of Musibah and Alfattani (2014) aims to determine the effect of the Effectiveness of the Sharia Supervisory Board and Intellectual Capital on Corporate Social Responsibility (CSR). This study uses 36 Islamic banks in the Gulf State during the period 2007-2011. In addition, this study aims to identify the importance of financial performance (ROA, ROE) as a mediator in the relationship between the Effectiveness of the Sharia Supervisory Agency (SSBE), Intellectual Capital (IC) and Corporate Social Responsibility (CSR). The results of this study report that SSBE, Capital Employee Efficiency (CEE) and Structure Capital Efficiency (SCE) of Islamic banks have a positive effect on CSR. However, the Human Capital Efficiency (HCE) does not affect CSR. The results of multiple regression showed that financial performance (ROA, ROE) was found to be a significant mediating factor for the relationship between SSBE, CEE, and SCE, and CSR in Islamic banks.

The study of Hamdi and Zarai (2014) discusses the characteristics of corporate governance (CG) and

its relationship to earnings management behavior (EM) in the context of a rapidly developing sector, namely the Islamic banking industry. This empirical study uses multivariate probit analysis and uses a sample of 90 Islamic banks during the period 2000-2009. The findings of this study reveal that the CG problem in Islamic banking differs significantly from banking in conventional systems. The main differences found are related to philosophical aspects, including bank objectives, the nature of the contracts involved, key players in CG practice and relations between parties. This study verifies that these aspects provide strong justification for additional layers in CG from Islamic banks to the Shari'ah Board of Trustees (DPS). The mechanisms and tools for effective implementation of CG are relatively the same as conventional systems. The results also show that audit committees play a more significant role in influencing EM compared to other aspects of CG. The results of the study did not provide evidence that the characteristics of DPS, such as the size of DPS, the objectivity of DPS members and the competence of DPS members significantly in reducing EM. In other words, the results indicate there is no difference between Islamic banks with and without governance committees in terms of EM intensity.

The study of Bourakba and Zerargui (2015) aims to determine the relationship between variables of corporate governance and credit risk in Islamic banks. This paper specifically deals with governance in Islamic banks using the Islamic governance system. This study includes an empirical study that measures the impact of variable corporate governance on credit risk. This study uses a sample of Islamic banks during the period 2005-2012. This study found that there was a very strong relationship between the variables of corporate governance and credit risk from Islamic banks. There is a negative relationship between the ratio of non-performing loans (NPL) and the composition of the board of directors, the size of the board of directors, board committee, concentration of ownership, and the size of the sharia supervisory board. In addition, there was also found a positive relationship between the ratio of non-performing loans and bank size.

Maurya's study (2015) examines the relationship between variables of corporate governance and the financial performance of Islamic banks. This study is very important because corporate governance in the banking sector is closely related to the specific nature of banking as bank bankruptcy which not only affects the customers, depositors and creditors, but affects financial stability and then the overall economy. The Maurya Study (2015) uses a sample of Islamic banks during the period 2005-2012. The findings of this study indicate that there is a very strong relationship between the variables of corporate governance and financial performance of



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Islamic banks, where there is a positive relationship between return on assets (ROA) and composition of the Board of Directors (composition of the board of directors), size directors (size of the board of directors), number of board committees (number of committees in the council), and number of members of the Sharia Supervisory Board (number of members of the Sharia Supervisory Board), while there is a negative relationship between return on assets (ROA) and concentration ownership variables.

Eliada's study, Ratu and Ayu (2015) aims to determine empirically the effect of profitability, leverage, firm size, audit quality, and institutional ownership on Islamic corporate governance disclosures at Islamic Banks in Asia. The population of this study are Islamic banks in Asia during 2011-2013 which have adopted AAOIFI standards. This study uses 45 panel data determined by using purposive sampling method. The results of this study indicate that the profitability and size of the company do not have a significant influence on the index of the disclosure of Islamic corporate governance (ICG) of Islamic banks in Asia. Leverage has a negative and significant effect on the index of the disclosure of Islamic corporate governance (ICG) of Islamic banks in Asia. Audit quality and institutional ownership have a positive and significant influence on the index of Islamic bank corporate governance (ICG) disclosure in Islamic banks in Asia.

Study Sulaiman et al. (2015) uses two stages of research. A first disclosure index was developed using guidelines issued by the Central Bank of Malaysia (BNM), the CG standard announced by the Accounting and Audit Organization of Islamic Financial Institutions (AAOIFI) and the framework introduced by the Islamic Financial Services Board (IFSB). The index developed in the first phase is then used to assess the 16th annual report of Islamic financial institutions (IFIs) operating in the Malaysian country. Article Sulaiman et al. (2015) reported the second stage of the results of his research which showed results did not seem too promising. On a scale of 0 to 100, the CG disclosure index ranges from a low of 42.28 to a high of 68.29, with an average value of around 51.42.

RESEARCH GAP AND OPPORTUNITIES FOR FUTURE RESEARCH

From the presentation of the latest researches, several researchers who study the impact of Islamic corporate governance or Islamic governance on company performance are carried out by Fallatah and Dickins (2012), Rezaei and Jalilmehr (2012), Ghaffar (2014) and Maurya (2015). The study of Bourakba and Zerargui (2015) examines the impact of Islamic corporate governance on credit risk. On the contrary

Eliada's research, Ratu and Ayu (2015) examined the effect of financial performance on corporate governance and Islamic disclosure. If in the study of Fallatah and Dickins (2012), Rezaei and Jalilmehr (2012), Maurya (2015), and Bourakba and Zerargui (2015), Islamic corporate governance is made as an independent variable and assessed the effect or impact on performance, company value and credit risk. As for Eliada, Ratu and Ayu's (2015) study, Islamic corporate governance variables are used as dependent variables, while financial performance variables such as profitability and leverage are independent variables.

While several other studies link Islamic corporate governance with other topics such as earnings management, social performance, dimensions of spirituality and stakeholder interests. Some research that links Islamic governance with the protection of stakeholder interests is carried out by Magalhaes and Al-Saad (2013), and Qureshi and Qurashi (2013). Study Sulaiman et al. (2015) uses an index of disclosure of Islamic governance. While the study of Hamdi and Zarai (2014) examines the influence of the characteristics of corporate governance such as the existence of the Sharia Supervisory Board on efforts to reduce earnings management behavior. The study examines the effect of the effectiveness of the Sharia Supervisory Board on Corporate Social Responsibility (CSR) by Musibah and Alfattani (2014). In addition, the study of Tsafe and Rahman (2013) aims to explore and analyze as far as the dimensions of Islamic spirituality explain the performance of the board of microfinance institutions

In relation to Islamic corporate governance and financial performance, many studies have examined the impact of the implementation of Islamic corporate governance on corporate performance as previously conducted by researchers. But there is still relatively little research that examines the influence of Islamic corporate governance on corporate value and credit risk. Similarly, research examining the impact of financial performance on the disclosure of Islamic corporate governance is still very rare. Future research is expected to find other independent variables besides financial performance that affect the disclosure of Islamic corporate governance.

The study of Islamic corporate governance relations and other topics makes research in this field richer. From the exposure of previous research, it can be understood that there is still little research examining the relationship of Islamic corporate governance with other topics such as social performance as measured by corporate social responsibility (CSR) as the study of Musibah and Alfattani (2014). Future research can be directed at its relationship with social performance, dimensions of spirituality and efforts to ensure the interests of shareholders and other stakeholders. While its



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relationship with earnings management, the results of the study by Hamdi and Zarai (2014) produced an unexpected finding that the characteristics of the Sharia Supervisory Board (DPS) such as the size of DPS, the objectivity of DPS members and the competence of DPS members did not significantly influence earnings management behavior. If the research of Hamdi and Zarai (2014) uses a sample of Islamic banking companies in Saudi Arabia and surrounding countries, future research can be done using different samples, for example in Indonesia to produce different conclusions or results, namely the role of DPS in reducing negative earnings management behavior.

CONCLUSION

The study conducted by the author is classified as an essay study and mapping the results of Islamic corporate governance research for 10 years in a simple way to determine the research gap and the

direction of future research. The study analyzed article data for 10 years from 2005 to 2015. The results of this study found that there is still little research that has examined the impact of Islamic corporate governance on corporate value and credit risk and the impact of corporate performance on Islamic corporate governance. In addition, this study also found that the relationship between Islamic corporate governance and social performance and dimensions of spirituality is still an opportunity to be developed in subsequent research. The interesting thing also in this study is that the characteristics of DPS and other indicators of DPS do not have a significant effect on earnings management.

This study has several limitations including the analysis of research mapping is still carried out in a simple form so that it cannot be revealed what theories and methods are used and the research settings of previous studies. It is expected that future studies will use better analytical methods and techniques in mapping the results of previous studies.

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