

Non-Financial Perceptions when Evaluating Financial Performance in the Pandemic Era in Islamic Accounting: Literature Study

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Abstract

In measuring the financial performance of companies with Sharia entities, apart from financial ratios such as profitability, activity, liquidity, and others. Zakat Funds and Islamic Corporate Social Responsibility (ICSR) can be used to measure financial performance. Zakat is an obligation that must be issued. Zakat funds are meant to be zakat funds obtained from the company's net profit, the greater the zakat issued, the greater the company's profit. Islamic Corporate Social Responsibility (ICSR) is a fund that must be issued by the company. There will be a negative response if ICSR funds are not allocated to the community. People trust a company that distributes its ICSR more than a company that does not distribute it. Because large companies will be able to provide ICSR funds to the community. The purpose of this study is to describe the literature on Non-Financial Perceptions when Evaluating Financial Performance in Islamic accounting for a period of five years, 2017-2022. The research method used in this study is qualitative research with content analysis of papers from the Google Scholar database. Researchers found 20 papers, after going through a selection process, the author finally reviewed 13 articles that were considered the most relevant

Keywords: Zakat, ICSR, and financial performance

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Introduction

Economic developments are currently experiencing a slump, and many companies have gone out of business due to the impact of the COVID-19 Pandemic that has hit the country in recent years. Many companies are unable to maintain their Going Concern. The company cannot achieve its goal of getting the maximum possible profit. Even though the current economic growth is increasing very slowly. CNBC Indonesia 2021 informed that OJK Chairman Wimboh Santoso said that in the second quarter of 2021, economic growth will increase by 7.07%. Even though during the third quarter, it is estimated that there will be more pressure because of the PPKM carried out by the government to avoid an increase in the transmission of Covid 19."

The resulting company profit fluctuates which is not as expected by investors, and the company's financial performance has decreased significantly. Financial performance is a manager's achievement to achieve company goals. Is the company experiencing development or maybe vice versa? Factors To see the company's ability to produce financial performance usually use financial ratios, Dupont System Analysis, Command Size, Z Score bankruptcy analysis, etc. which are financial. Another factor that can affect the financial performance of a sharia-based company is Zakat. Companies that issue zakat come from profits generated by companies that are allocated to the community (Rahim & Sahrullah, 2017).

Zakat is distributed to the community, the company will get added value and a good response from the community. So that it will have a positive impact on the company's financial performance. Another factor that can be used as a benchmark for financial performance is Islamic Corporate Social Responsibility. Islamic revealing company *Corporate Social Responsibility* (ICSR), will give a good response for the company. That way the company is getting better and better so it will improve the company's financial performance (Zanariyatim et al., 2016).

Companies that do not contribute ICSR to the community will give a negative signal, this will affect the company's good name. Because Islamic Corporate Social Responsibility (ICSR) is an obligation that must be carried out by a company itself. Previous studies that measure financial performance have been studied. Ikhsan, et al (2022) the effect of profitability, solvency, and activity on financial performance. Furthermore, Indah Marlina (2021) CAR affects financial performance, while FDR and BOPO do not affect financial performance. Furthermore, Vita Tristingtyas (2016) CAR, NPF, BOPO, NOM, PDR, and DPK affect financial performance simultaneously. Furthermore, Puteri Dwi Lestari (2021) profitability affects financial performance and liquidity hurts financial performance. In previous studies using secondary data. while to understand the perception which discusses what factors affect financial performance other than Financial Ratios. Differences with previous research in the assessment of financial performance in Sharia-based companies

Literature Review

Financial Performance

Ade Gunawan, 2019 stated that "financial performance is a description of the company's financial condition, and a description of how the company uses its funds, whether it is efficient enough". In looking at the financial performance of a company, it does not always use ratio analysis, but there are also other variables. Yolanda (2022) states "the measurement of Islamic banking financial performance is not only focused on financial ratios. But also on the measurement of financial performance which is based on triple bottom lines with performance

indicators covering economic, social, and environmental).

Zakat

Zakat is cash issued from the net profit of a company that is allocated to the community. khoirul Abror (2016) "said that zakat is material worship required by Allah SWT to the rich to help the poor in the form of something that can meet the needs of Non-Financial Perceptions when Evaluating Financial Performance of Non-Financial Perceptions when Evaluating Financial Performance Responsibility (ICSR). Nikmatul Masruroh (2018) states that the Islamic Economic Perspective says that Islamic Corporate Social Responsibility (ICSR) is a company's commitment to ethically integrate its business activities and carry out CSR in a sustainable manner by taking into account the interests of all stakeholders and the wider community related to the company and its environment. Islamic Corporate Social Responsibility (ICSR) is one of the variables used to measure financial performance because ICSR is the company's obligation to allocate it to the community. Zanariyatim et al., (2016) stated "that companies that disclose CSR will have a positive impact on the company. That way the company is getting more advanced than before so that it will improve the company's financial performance "

Research Method

The research method used in this study is qualitative with content analysis of papers from the Google Scholar database. To get the mapping and main themes discussed in the Google Scholar database within six years, the author uses the content analysis paper method. The paper selected in this review came from a search on the Google Scholar database with the keywords "Zakat" or "ICSR" and Financial Performance in the period 2017 to 2022. The search process uses the help of the Publish or Perish (POP) application. In the first stage, the author conducted a search for papers in the Google Scholar database with the keywords "Zakat" or "ICSR" and financial performance and found 20 papers that matched the search keywords. the author obtained 13 papers as reviewed papers in this research.

Results and Discussion

This paper is an analysis of research maps related to non-financial perceptions when evaluating financial performance in the pandemic era in Islamic accounting in the last five years on the Google Scholar database. Paper search results based on the keywords "Zakat" or "ICSR" and financial performance are as follows.

No	Author and Year	Title
1.	Chintya Zara Ananda (2020)	The influence of Islamic corporate governance and Islamic corporate social responsibility on the performance of Islamic banking
2.	Yolanda Septian (2022)	Zakat, Islamic Corporate Social Responsibility, and Financial performance Bank Umum Syariah Indonesia

3.	Puteri Dwi Lestari (2019)	The Effect of Profitability and Liquidity on the Company's Financial Performance
4.	Vita Tristiningtyas,dkk (2017)	Analysis of Factors Affecting Financial Performance at Islamic Commercial Banks in Indonesia
5.	Indah Marlina (2021)	Analysis of Factors Affecting Financial Performance (Case Study on Islamic Commercial Banks registered with the Financial Services Authority for the 2015-2019 Period)
6.	Nurul Khofifah Alfijri, dkk (2022)	The influence of Islamic corporate social responsibility (ICSR), zakat, and Islamic corporate governance (ICG) on financial performance
7.	Eka Cahyaningtyas (2020)	Islamic Corporate Responsibility and financial performance Pada Bank Umum Syariah Di Indonesia
8.	Ikhsan Abdullah (2022)	Determination of Financial Performance in Industrial and Chemical Sector Companies Listed on the Indonesia Stock Exchange
9.	Ade Gunawan (2019)	Packaging Listed on the Indonesia Stock Exchange.
10.	Munandar,dkk (2019)	Comparative study of earnings management practices in conventional and Islamic banks in Indonesia and Malaysia
11.	Nikmatul Masrurroh,dkk (2018)	Efforts to Develop Corporate Social Responsibility from Islamic Economic Perspective
12.	Zanariyatim,dkk (2017)	Disclosure of Corporate Social Responsibility (CSR) of Islamic Commercial Banks Based on the Islamic Social Reporting Index (ISR Index)
13.	Rahim, S, dkk (2017)	Management of Corporate Zakat. Multiparadigm Accounting Journal

Deskriptif kuantitatif

Papers by year of publication

Year	F	%
2017	3	23,08
2018	1	7,69
2019	3	23,08
2020	2	15,38
2021	1	7,69
	1	7,69

Papers by publication type

Jenis Publikasi	F	%
Jurnal	13	100
Proceeding		
Thesis		

Paper-based on the methodology

Research Design/Methodology	F	%
Kualitatif	1	7,69
Kuantitatif	12	92,31
Mixed method		

Perception of Zakat When Evaluating the Company's Financial Performance

In this study, in measuring the financial performance of a company using Zakat. Zakat in question is Zakat taken from net profit. So far this research uses Ratio Analysis as a performance measurement tool for a company. The more zakat that is issued, the more profit the company will get. Which can lead to a positive response from the community, especially for motivated investors to invest in the company. Zakat is an obligation that must be issued by applicable regulations.

The financial statements of Sharia Entities are divided into Statements of Financial Position, Income Statements and Other Comprehensive, Statements of Changes in Equity, Statements of Cash Flows, Reconciliation Reports of Income and Profit Sharing, Reports on Sources and Distribution of Zakat Funds, Reports on Sources and Use of Benevolent Funds, and Notes on Reports Finance. Sharia companies must report reports on sources and distribution of funds. A company with good financial performance must present all financial reports that have been made by the PSAK.

Islamic Corporate Social Responsibility (ICSR) Perceptions When Evaluating a Company's Financial Performance In carrying out activities to measure financial performance, we can use Islamic Corporate Social Responsibility (ICSR). With the company's activities in carrying out ICSR in sharia companies, create attractiveness to stakeholders both from internal and external parties. ICSR is a company obligation that must be carried out. There will be a negative response from the community if a company does not implement it. Investors also believe that with these activities, a company will have the potential to earn greater profits compared to companies that do not carry out social responsibility activities (Arshad, 2012). Implementing ICSR is very difficult to do, because of the large costs that must be incurred to apply it to the community. However, the public and investors trust companies that issue ISCRs more than companies that do not distribute them to the public.

Conclusion

1. In looking at the financial performance of companies with Sharia entities, zakat funds can be used as a tool to measure financial performance. Because the greater the zakat issued, the greater the profit earned by the company. The zakat funds referred to here are funds

taken from the net profit. Financial reports with sharia entities require financial statements to be presented, one of which is a report on the source and distribution of funds.

2. Islamic Corporate Social Responsibility (ICSR) is a program used by companies in distributing aid funds to the community. This must be contributed because if the ICSR funds are not allocated, it can create a negative response in the wider community and investors. People trust a company that distributes its ICSR more than a company that does not distribute it. Because large companies will be able to provide ICSR funds to the wider community.

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