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The effect of sharia supervisory board (DPS), board of directors, and board of commissioners on the financial performance of sharia people financing (BPRS)

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ABSTRACT

This study aims to determine the effect of the Sharia Supervisory Board (DPS), the board of directors, and the board of commissioners on the financial performance of BPR Syariah in Sleman Regency 2013-2018. The dependent variable is financial performance proxied by Return on Assets (ROA), while the independent variable is the Sharia Supervisory Board, Board of Directors, and Board of Commissioners. The data analysis technique in this study uses panel data analysis techniques with the Least Square Panel method. The results show that the Sharia Supervisory Board (DPS), the board of directors, and the board of commissioners simultaneously influence the financial performance of BPR Syariah. Then the partial test results show that the Sharia Supervisory Board does not affect the financial performance of Sharia BPRS. At the same time, the Board of Directors has a positive effect on Sharia financial performance, and the Board of Commissioners hurts BPR Syariah.
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Pengaruh dewan pengawas syariah (DPS), direksi, dan dewan komisaris terhadap kinerja keuangan Bank Perkreditan Rakyat Syariah (BPRS). Penelitian ini bertujuan untuk mengetahui pengaruh Dewan Pengawas Syariah (DPS), dewan direksi, dan dewan komisaris terhadap kinerja keuangan BPR Syariah di Kabupaten Sleman tahun 2013-2018. Variabel terikat yaitu kinerja keuangan yang diproksikan dengan *Return on Asset* (ROA), sedangkan variabel bebas yaitu dewan pengawas syariah, dewan direksi, dan dewan komisaris. Teknik analisis data dalam penelitian ini menggunakan teknik analisis data panel dengan metode *Panel Least Square*. Hasil penelitian menunjukan bahwa Dewan Pengawas Syariah (DPS), dewan direksi, dan dewan komisaris secara simultan berpengaruh terhadap kinerja keuangan BPR Syariah. Kemudian hasil pengujian secara parsial menunjukan bahwa Dewan Pengawas Syariah tidak berpengaruh terhadap kinerja keuangan BPR Syariah, sementara Dewan Direksi berpengaruh positif terhadap kinerja keuangan Syariah dan Dewan Komisaris berpengaruh negatif terhadap BPR Syariah.

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1. Introduction

Indonesia is a developing country with several 59.2 million Micro, Small and Medium Enterprises (MSMEs) in 2019. Micro, Small, and Medium Business Enterprises (MSMEs) much help the community to earn income and also as a solution to reduce unemployment, which is the main problem in Indonesia. Therefore, the development of MSMEs becomes the main focus of government attention in improving the community's economy. Micro, Small, and Medium Enterprises (MSMEs) in Indonesia have a significant role to the national economy, especially Gross Domestic Product (GDP), absorption labor and poverty alleviation (Anggraeni, Puspitasari, El Ayyubi, & Wiliasih, 2013). The existence of UMKM indeed there can be no doubt because it is proven to be able to survive and become a wheel economic driver (Sedyastuti, 2018).

Under the national banking system, BPR Syariah (BPRS) is a bank that was established to serve Micro, Small, and Medium Enterprises (MSMEs). Large market pushes the banking industry to create strategies. This MSME sector makes Sharia Rural Banks differ in their market share with Commercial Banks and Sharia Commercial Banks. In the Islamic banking system, BPR Syariah is one form of BPR whose management must be based on sharia principles. With services that make it easier for the community, it is hoped that BPRS will be able to provide a superior contribution to the development of MSMEs among suburban and even rural communities.

Special Region of Yogyakarta is one of the provinces in Indonesia with SMEs that are overgrowing. Based on data released by the Financial Services Authority (OJK) DIY, nationally, there are currently 14 commercial banks, 21 sharia business units, and 168 BPRS that are experiencing asset growth of 10.9 percent and financing as much as 7.5 percent. At the same time, party funds third (DPK) grew by eight percent (Tribun Jogja, 2019). It can be seen that a sizeable UMKM population encourages BPRS to provide adequate financial services for the development of MSMEs. The following is the development of the number of UMKM Yogyakarta Province D.I during the period 2014-2018.

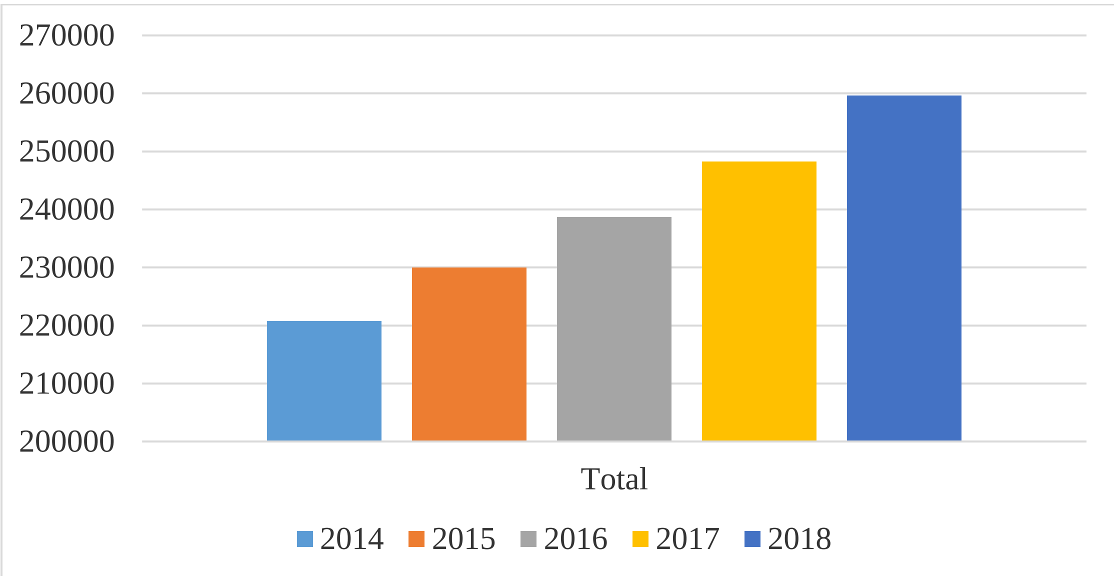


Figure 1. Development of the Number of UMKM Province D.I Yogyakarta 2014-2018
source: Bapedda, (2019)

Based on Figure 1, it can be seen that the number of MSMEs in Yogyakarta D.I Province has continued to increase from 2014 to 2018. This is an opportunity for BPRS to conduct financing. To maximize its role, the BPRS must arrange all its internal performance and regulatory processes, which include the functions and duties of the company's organs.

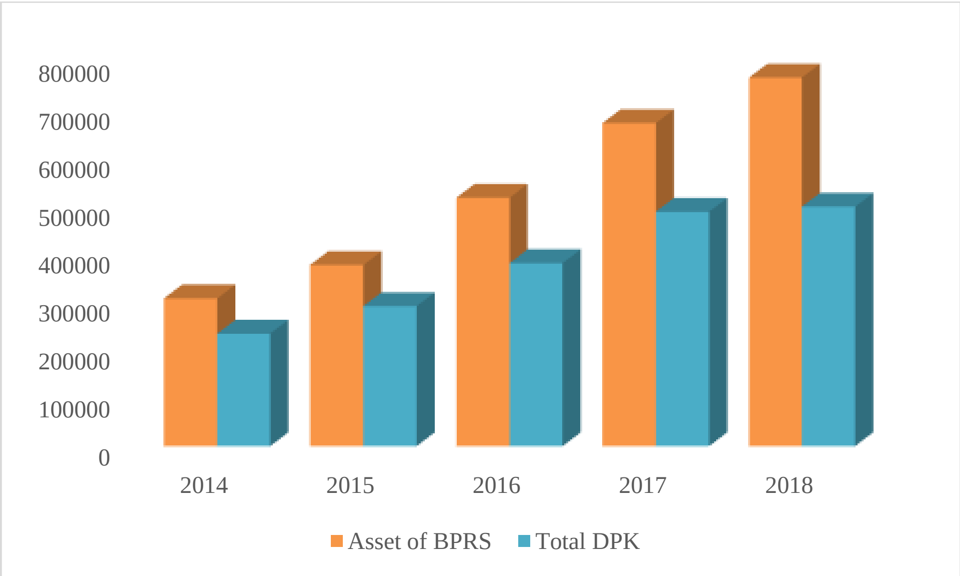
Islamic People's Financing Bank is a bank that carries on business activities based on sharia principles, which in its actions do not provide services in payment traffic. Bank Indonesia Regulation Number 6/17 / PBI / 2004 dated 1 July 2004 concerning Rural Credit Banks Based on Sharia Principles, and Bank Indonesia Regulation Number 8/25 / PBI / 2006 dated 5 October 2006 concerning Amendments to Bank Indonesia Regulation Number 6/17 / PBI / 2004 dated 1 July 2004 concerning Rural Credit Banks based on Sharia Principles.

Table 1. Number of BPRS, Assets, and DPK

Year	Total of BPRS	Asset of BPRS	Total DPK
2014	11	307,812	234,569
2015	11	376,990	291,497
2016	12	517,861	381,083
2017	12	672,669	488,665
2018	12	768,361	499,112

Source: OJK Statistic 2014-2018, *data processed* 2019

The development of BPRS in Yogyakarta Province D.I have increased with total assets in 2014 of 307,812 Million IDR with Third Party Funds (DPK) of 234,569 million IDR, then in 2018, the total assets of 768,361 Million IDR with Third Party Funds (DPK) of 499,112 Million IDR. While the number of BPRS in 2014 was 11 units, increasing in 2016 to 12 units until 2018. For more details, the increase in Aset of BPRS and total DPK funds can be seen in Figure 2.



Fiqure 2. Assets of BPRS, and Total DPK

The development of financial institutions increasing every year made a threat to the continued development of the BPRS. It can be seen that in Indonesia; many financial institutions have begun to emerge by offering excellence to attract public interest. BPRS are expected to be able to improve financial performance to be able to compete with other financial institutions.

To achieve maximum financial performance, an BPRS Internal Structuring is required, namely with good management, especially the selection of competent corporate organs that are responsible for the BPRS. Every company, including those engaged in services, certainly does not deny the existence of the intended profit from its operational activities. The main components in a business are profit, process, and people. Every organization/company, medium, and large scale may not make a profit to be able to maintain and develop its existence. Its existence is as a strategic goal without being able to achieve competitive profits (financial perspective) sustainably and without business processes capable of producing quality products (internal business perspective) following the wants and needs of consumers (customer perspective) (Nawawi, 2006).

Realizing that management is very important in improving banking performance. The environment of banking was changed (Puspita, 2019). Professional bank management is needed to improve it. A good corporate government method also is needed to provide a good incentive for the board and management. Management must facilitate effective monitoring to achieve common goals between management and shareholder. It is important to encourage companies to use resources power more efficiently.

The application of good management can improve the value, image, and performance of the company as well as the continuity of the company's business. Based on the data obtained, one of the BPRS performs well in 2018 in the D.I Province of Yogyakarta, which is in the Sleman Regency, with Assets of more than 50 billion rupiahs (Info Bank News, 2019). One thing that distinguishes the corporate governance of BPRS with others is compliance with corporate governance following Islamic principles (shariah compliance), which always puts forward the principles, ethics, and values of Islamic teachings. Following the instructions of Islam, as in Q.S Al-Maidah verse 8.

يَٰٓأَيُّهَا ٱلَّذِينَ ءَامَنُوا۟ كُونُوا۟ قَوَّٰمِينَ لِلَّهِ شُهَدَآءَ بِٱلْقِسْطِ ۖ وَلَا يَجْرِمَنَّكُمْ
شَنَـَٔانُ قَوْمٍ عَلَىٰٓ أَلَّا تَعْدِلُوا۟ ۚ ٱعْدِلُوا۟ هُوَ أَقْرَبُ لِلتَّقْوَىٰ ۖ وَٱتَّقُوا۟ ٱللَّهَ ۚ إِنَّ ٱللَّهَ
خَبِيرٌۢ بِمَا تَعْمَلُونَ ﴿٨﴾

It means: "O ye who believe, be men who have always upheld (the truth) because of Allah, a just witness. And don't ever hate your people, they will cause you to be unjust. Be fair, because it's closer to piety. And fear Allah, for He knows well what you do."

Good corporate management and management roles and functions determine the performance of a bank in generating profits. So that progress or failure of bank operations depends on good financial management and the vital part of the banking organs, the Sharia Supervisory Board, the Board of Commissioners, and the Board of Directors. The role of the company's organs that are not going well will have an impact on the company's operations because it cannot supervise and control how the process of activities by Sharia banks and Sharia Business Units and Sharia People Financing Banks are supervised.

Performance measurements that illustrate the achievements of this study are using ROA. Ratio analysis that is widely used in financial analysis is Return on Assets, which is the ability of capital invested in all company assets to generate profits, so the higher the profit, the higher the value of ROA in banks. Based on the explanation above, the authors are interested in examining the determinant Financial Performance of Islamic People's Financing Banks (BPRS).

Islamic People's Financing Bank (BPRS)

Islamic People's Financing Bank (BPRS) is a bank that was established to serve Micro, Small, and Medium Enterprises (MSMEs). It is operating with the sharia system based on Law No. 10 of 1998 concerning Banking and Bank Indonesia Regulation No. 6/17/2004 Concerning Rural Banks

Based on Sharia Principles. With the BPRS, it is expected that services to MSMEs can take place easily, quickly, and the requirements needed are light (Hendro & Candra, 2014).

The establishment of BPR Syariah in Indonesia is based on the demands of Islamic transactions, which is a strong desire of most Muslims in Indonesia, as well as an active step in the framework of restructuring the Indonesian economy as outlined in various financial, monetary, and banking policy packages. Specifically, the establishment of an BPRS is to fill opportunities with policies that liberate banks in setting interest rates, which are then known as banks without interest.

There are operational objectives of the BPRS (Sumitro, 2004). First, improving the economic welfare of Muslims, especially weak economic community groups who are generally located in rural areas. Second, increase employment, especially at the sub-district level, to reduce the flow of urbanization. Third, fostering *ukhuwah Islamiyah* through economic activities in the context of increasing income per capita towards an adequate quality of life.

Management of Islamic People's Financing Bank (BPRS)

The management of an SRB is carried out by a board of directors or leadership overseen by a board of commissioners or supervisory board or a supervisory body or an examining body (Sumitro, 2004)

Shariah Supervisory Board (DPS)

According to Bank Indonesia Circular, the Sharia Supervisory Board from now on referred to as DPS, is a board that is tasked with providing advice and advice to the Directors and overseeing the activities of the Sharia People Financing Bank (BPRS) to be under sharia principles. There are supervision of the application of Sharia Principles by SSB. First, supervision of new SRB fund products; and second, supervision of fundraising, financing, and other BPRS service activities.

There are DPS duties, authorities and responsibilities. First, ensuring and supervising the suitability of BPRS operational activities to the fatwa issued by DSN. Second, submitting a report on the results of sharia supervision at least every six months to the Directors, Commissioners, DSN, and BI. Third, Assess the sharia aspects of the operational guidelines and products issued by the BPRS. Fourth, providing opinions on sharia aspects of the overall implementation of Sharia Rural Banks in the BPRS publication report. Fifth, Reviewing new products and services that will be issued by the BPRS to request a fatwa from DSN. Sixth, request direct documents and explanations (if needed) from the BPRS work unit and take part in internal discussions including those in the financing committee discussion

In Bank Indonesia Regulation Number 11/23/PBI/2009 concerning Sharia Rural Banks Article 30 concerning the number of Sharia Supervisory Councils. First, The number of DPS members is at least 2 (two) people and at most 3 (three) people and second, a chairperson leads DPS from one of the DPS members.

Board of Director

The Board of Directors, as referred to in Act Number 40 of 2007 concerning Limited Liability Companies. BPRS legal entity form is a Limited Liability Company. Article 23 state that first, the Board of Directors manages and BPRS under its authority and responsibilities as stipulated in the provisions of the laws and regulations applicable to Islamic banking. Second, the Board of Directors is responsible for carrying out the management of the BPRS as an intermediary institution by meeting the principles of prudence and Sharia Principles.

Board of Commissioners

The composition of the Board of Commissioners is one of the characteristics of the board relating to the content of accounting information and to ensure the implementation of the company's strategy, oversee management in managing the company, and requires the implementation of accountability. Through its supervisory function can affect the writing of financial statements from management so that quality earnings can be obtained. Therefore, the Board of Commissioners is the core of Good Corporate Governance (Hendro & Candra, 2014).

Good Corporate Governance (GCG)

The implementation of GCG is an essential step for banks to increase and maximize the value of the company, encourage professional, transparent, and efficient company management by strengthening the principles of openness, accountability, responsibility, professionalism, and fairness, to fulfil obligations well to shareholders, the board of commissioners, business partners, and other stakeholders.

GCG is a set of regulations and efforts to improve systems and processes in managing an organization by regulating and clarifying the relationships, authorities, rights, and obligations of all stakeholders, including the General Meeting of Shareholders (GMS), the Board of Commissioners, and Board of Directors (Hendro & Candra, 2014).

The Forum for Corporate Governance in Indonesia in 2001 formulates corporate governance as a system of corporate governance that explains the relationships of various participants in determining the direction and performance of companies. The corporate goal is to create added value for stakeholders. Effective corporate governance is expected to improve company performance (Rahmawati, 2012).

The performance of the Shariah People's Financing Bank (BPRS)

Financial performance is a benchmark in assessing the soundness of a bank that can be seen from the financial statements. To maintain sustainable growth and remain attractive in the eyes of investors, among the efforts that need to be made is to increase profitability continuously (Hamidi, 2003). In this study, BPRS profitability is measured by the Return on Asset (ROA) Ratio. ROA analysis measures the company's ability to generate profits by using the total assets (wealth) the company has after adjusting for costs to fund these assets.

Previous research

According to Mustaghfiroh (2016), in his research, showed that the size of the board of directors, the board of commissioners, and the sharia supervisory board simultaneously affect the financial performance of BPRS Central Java in 2013-2014. The size of the board of directors has a positive effect on financial performance, the board of commissioners does not affect financial performance, and the sharia supervisory board has a significant impact on the financial performance of BPRS Central Java in 2013-2014. Then the other research conclude that the board of commissioners had a significant negative effect on financial performance (Puspitasari & Ernawati, 2010).

Board of directors affected financial performance, while the independent commissioners, sharia supervisory boards and audit committees had no impact on financial performance using ROA (Eksandy, 2018). The independent board of commissioners and institutional ownership had a positive effect on financial performance, while the board of directors, audit committee, and managerial ownership did not affect the company's financial performance (Widyati, 2013).

Research Framework

The framework of this study needs to be stated and intended to get a temporary answer object to the problem. The authors present the following research framework.

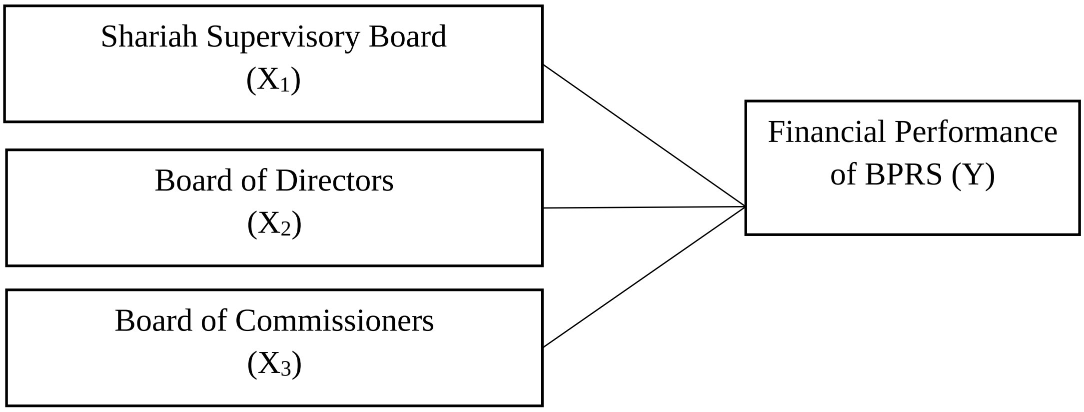


Figure 2. Research Framework

Sharia Supervisory Board and Financial Performance

Management of a Sharia Bank consists of the Board of Directors and the Board of Commissioners and or other forms equivalent. Also, the Sharia Bank must establish and have a Sharia Supervisory Board domiciled at the bank's head office (Siamat, 2005). Sharia banking service operations are not regulated in detail by-laws or regulations made by Bank Indonesia. Islamic banks in Indonesia can perform Islamic banking services that are commonly carried out by Islamic banks in other countries, as long as these activities comply with Islamic laws and have been approved by the Sharia Supervisory Board at the bank. Every time a sharia bank will introduce a new service product, the bank is required to request a fatwa from the Sharia Supervisory Board. From the above statement, it is clear that the Sharia Supervisory Board is the most critical organ in the world of Islamic banking (Hamidi, 2003).

The more the number of Sharia Supervisory Councils, the more influential the supervision of sharia principles and the disclosure of Islamic Social Reporting under sharia. So, if the number of Sharia Supervisory Boards increases but does not exceed the maximum limit set, then the performance of the BPRS is based on sharia principles so that it will have an impact on customer confidence and will automatically raise the profitability level of the BPRS. Based on the description above, it can be taken a hypothesis

H_1: Sharia Supervisory Board has a positive effect on Financial Performance.

The Board of Directors and financial performance.

The board of directors in a company will determine the policies to be taken or the company's strategy in the short and long term. The existence BOD in BPRs is suspected to effect on the performance of BPRs. With the increasing number of outside directors in BPRs, it is expected that the supervision of BPR management in implementing company policies will become stronger. With this effective monitoring, it is suspected that it can control managers not to take actions that benefit themselves. Suppose the roles and functions of BOD in BPR are carried out properly. In that case, it can be assumed that management will be more careful in carrying out BPR operational activities because the amount of BOD is considered related to the strength of supervision over BPR management. This can reduce potential losses due to BPR operational risk so that it can affect performance.

The influence of the size of the directors on company performance will depend on the characteristics of each of the companies concerned. The link is mainly with the financial components of the company. The effectiveness of directors in producing performance will be different for companies that are financially healthy compared to companies that are in financial problems. If there is only one board of directors, the board of directors can freely represent the company in a variety of outside and inside company matters. Things might be different if the number of boards of directors has a certain nominal amount. The number of board of directors logically will significantly affect the speed of company decision making. So, if the number of directors is smaller, it will be quick in making decisions, because there is not much waiting for decisions from other directors. Based on the description above, it can be taken a hypothesis.

H_2: The Board of Directors has a positive effect on financial performance.

The Board of Commissioners and Financial Performance.

The board of commissioners has the authority to supervise and provide instructions and direction to the company management. With its authority, the board of commissioners can exert a strong enough influence to pressure management in writing financial statements. This is very important because it is in the interest of management to conduct earnings management that will ultimately have an impact on investor confidence. The more members of the board of commissioners, the supervision of the board of directors are much better; the input or options to be obtained by directors will be far more (Mustaghfiroh, 2016).

The Board of Commissioners plays an important role in an Islamic bank, which oversees the performance of the board of directors so that the resulting performance is by the interests of stakeholders while also ensuring that the board of directors improves the company's performance. The number of board of commissioners that is too much or exceeds the amount needed will reduce the company's performance. This is because an excessive number of boards of commissioners will slow down the decision-making process. So the number of boards of commissioners in an Islamic bank must be adjusted to the needs (Mustaghfiroh, 2016). Based on the description above, it can be taken a hypothesis.

H_3: The Board of Commissioners hurts Financial Performance.

2. Research Method

This research includes quantitative research with secondary data. In this variable, the dependent variable (dependent) is Financial Performance, which is proxied by Return on Assets (ROA). In contrast, the independent variable (independent) in this study is the Sharia Supervisory Board, the Board of Directors, and the Board of Commissioners.

The data used in this study uses secondary data obtained from reference books, the internet, literature, journals, and data related to the research objectives. The data is taken from the Islamic People's Financing Bank financial statements, which have been published in BI statistics and the Financial Services Authority in 2013-2018. The data analyzed are data on the December period financial statements in the form of the BPRS balance sheet and income statement from 2013 to 2018.

The population in this study are all BPRS that operate during the 2013-2018 period and have published their financial reports on the website of Bank Indonesia and the Financial Services Authority. The sample in this study was taken using a non-probability (non-random) method based on criteria (purposive sampling). Purposive sampling is a sampling technique with certain criteria. The criteria used can be based on certain considerations or certain quota. There are criteria to be sampled. First, BPRS registered with Bank Indonesia and publishing its financial statements on the website of Bank Indonesia and the Financial Services Authority. Second, the available data is complete (overall data is available in the 2013-2018 period publications), both data regarding company management and data needed to detect financial performance.

Operational Variable Definition

The dependent variable in this study is Financial Performance, which is proxied by Return on Assets (ROA). Return on Assets (ROA) is one of the profitability ratios. In the analysis of financial statements, this ratio is most often highlighted, because it can show the company's success in making a profit. ROA can measure the company's ability to generate profits in the past and then projected in the future. ROA is a financial ratio that can be used to determine and measure how much the ability of the bank (company) to earn revenue by taking advantage of all the assets he has (Afriyeni & John, 2018).

The assets or assets referred to are the entire assets of the company, obtained from own capital, or from foreign capital that the company has converted into company assets that are used for the survival of the company. The measurement scale of this variable is the ratio scale by using an indicator of the percentage of the amount of return on assets measured by calculating the amount of profit before tax divided by the total assets owned by banking companies in the financial statements.

The independent variables (independent) in this study are Sharia Supervisory Board (number of Sharia Supervisory Board members in a company), Board of Directors (number of board members in a company), and Board of Commissioners (number of board members in a company).

Data Analysis

This study use panel regression analysis. The following a panel regression model in this study

$$\mathrm{ROA} = \beta_0 + \beta_1 \mathrm{DPS} + \beta_2 \mathrm{DD} + \beta_3 \mathrm{DK} + \beta_4 \mathrm{KA} + \varepsilon$$

ROA is Return on Asset of company performance, DPS is Shariah Supervisory Board, DD is Board of Directors, DK is Board of Commissioners, and KA is Audit Committee. Through this multiple regression analysis tested the truth of the hypothesis that has been set and interpreted the results in determination (R^2), statistical test F, and statistical tests t (partial test).

Choosing the Panel Data Regression Model

Panel data (panel pooled data) is a combination of cross-section data with time-series data. There are three types of panel regression approaches, namely the Common Effect, Fixed Effect, and Random Effects approaches. The Chow test and Hausman test are used to getting the best model. Chow test is used to compare which one is better between Common Effect or Fixed Effect. At the same time, the Hausman test is used to distinguish which one is better between Fixed Effect or Random Effect Models.

3. Result and Discussion

Based on sample selection from Sharia Rural Banks registered with Bank Indonesia and the Financial Services Authority as explained in the sampling procedure, the samples in this study amounted to 30 data (the sum of all data from 2013-2018).

Descriptive Statistic

The purpose of descriptive statistics is to find out the minimum value, maximum value, mean (average), and the standard deviation of the dependent and independent variables in the regression analysis. The following are the results of descriptive statistics in this study

Table 2. Descriptive Statistic

Variable	Observations	Min	Max	Mean	Std. Dev
ROA	30	-8.44	3.51	1.11	2.66
Sharia supervisory board	30	1.00	3.00	2.17	0.46
Board of Director	30	1.00	2.00	1.80	0.41
Board of commissioners	30	1.00	3.00	1.93	0.45

Based on the Tabel 2, it can be seen that the highest value of Return on Assets (ROA) is 3.51%, and the lowest is -8.44% with a mean (average) of 1.11%. The lowest value of the number of the Board Sharia Supervisor (DPS) is one person, and the highest is three people. The highest number of the Board of Directors is two people, and the lowest is one person. And the lowest quantity of the Board of Commissioners is one person, and the highest is three people.

Regression Panel Data Analysis

Panel data regression techniques are used to determine the influence of the DPS, BOD, and BOC on financial performance (ROA). After selecting the model, the chosen model is the Panel Least Squares model. Based on data processing using Eviews8, the following results are obtained.

Table 3. Panel Data Regression testing Result

Variable	Coefficient	Std. Error	t-Statistic	Prob
C	1.636832	3.252758	0.503213	0.6191
Sharia supervisory board	-0.859208	1.017055	-0.844800	0.4059
Board of Director	2.946485	1.148952	2.564497	0.0165
Board of commissioners	-2.053218	0.972490	-2.111299	0.0445

In the Sharia Supervisory Board variable (DPS), the coefficient value of -0.86 means that if there is an increase in the number of DPS by one person, it will reduce financial performance (Return on Assets or ROA) by 0.86% assuming other variables are considered constant. Then in the Board of Directors variable, the coefficient value of 2.95 means that if there is an increase in the number of the Board of Directors by one person, it will improve financial performance (Return on Assets or ROA) by 2.95% assuming other variables are considered constant. And in the Board of Commissioners variable, the coefficient value of -2.05 means that if there is an increase in the number of the Board of Commissioners by one person, it will reduce financial performance (Return on Assets or ROA) by 2.05% assuming other variables are considered constant.

F test

F test is a simultaneous test used to determine the effect of independent variables simultaneously on the dependent variable. The following are the results of the F-test:

Table 4. F test Result

Indicator	Value
Prob (F-statistic)	0.020848

The Table 4, shows that the probability or significance of the F-statistic of 0.020840 <0.05 shows that the variable number of Sharia Supervisory Board (DPS), the Board of Directors and the Board of Commissioners together has a significant effect on the variable of financial performance (Return on Asset or ROA).

Coefficient of Determination

The value of R^2 (Coefficient of Determination) is used to find out how much the ability of the independent variables to explain the dependent variable. The following are the results of the determination test (R^2).

Table 5. Determination Coefficient Test Results (R^2)

Indikator	Value
Adjusted R-Squared	0.228114

From the data above shows that the Adjusted R-Squared value of 0.228114. This indicates that 22.8% of variations in financial performance variables (Return on Assets or ROA) can be explained by differences in variables of the Sharia Supervisory Board (DPS), the Board of Directors, and the Board of Commissioners. In contrast, the remaining 77.2% is explained by other variables outside the regression model.

T-test

The t-test is used to prove the effectiveness of the independent variable on the dependent variable individually, assuming that other variables are considered constant or constant. The conclusion is to compare the probability value with the value α (0.05). The following are the results of testing the hypothesis by t-test:

The Effect of the Sharia Supervisory Board (DPS) on Sharia BPR Financial Performance. Based on partial or individual test results, the probability value of the Sharia Supervisory Board variable is 0.4059> 0.05, so that H0 is accepted. This means that the variable Sharia Supervisory Board (DPS) does not influence the financial performance of BPR Syariah in the Sleman Regency.

The Influence of the Board of Directors on Sharia BPR Financial Performance. Based on partial or individual test results, the probability value obtained from the Board of Directors variable is 0.0165 <0.05, so H0 is rejected. This means that the Board of Directors influences the financial performance of BPR Syariah in the Sleman Regency.

The Influence of the Board of Commissioners on Sharia BPR Financial Performance. Based on partial or individual test results, the probability value obtained from the Board of Commissioners variable is 0.0445 <0.05, so H0 is rejected. This means that the Board of Commissioners influences the financial performance of BPR Syariah in the Sleman Regency.

Discussion

Good corporate management and management roles and functions determine the performance of a bank in generating profits. So that progress or failure of bank operations depends on good financial management and the important role of the banking organs, the Sharia Supervisory Board, the Board of Commissioners, and the Board of Directors. The role of the company's organs that are not going well will have an impact on the company's operations because it cannot supervise and control how the process of activities by Sharia banks and Sharia Business Units and Sharia People Financing Banks are supervised.

The Effect of the Sharia Supervisory Board (DPS) on the Financial Performance of BPR Syariah

Regression test results show that the number of Sharia Supervisory Councils (DPS) does not influence the financial performance (Return on Assets or ROA) of BPR Syariah in the Sleman

Regency. The results of this study are also supported by research conducted by Eksandy (2018). The DPS does not affect banking performance because it has a dual position as the DPS.

The influence of the Board of Directors on the Financial Performance of BPR Syariah

Regression test results show that the number of the Board of Directors has a positive and significant effect on the financial performance (Return on Assets or ROA) of BPR Syariah in the Sleman Regency. The results of this study are supported by research conducted by Mustaghfiroh (2016). The board of directors plays a vital role in the financial performance of BPRS, namely by effective monitoring, and it is suspected that it can control managers not to take actions that benefit themselves. Suppose the roles and functions of the directors in the BPRS are carried out properly. In that case, it can be assumed that management will be more careful in carrying out the operations of the BPRS because the number of directors is considered to be related to the strengths of supervision of the BPRS management. This can reduce potential losses due to the operational risk of the BPRS so that it can affect performance.

The number of board of directors in a Sharia Commercial Bank must consist of at least three people, as mentioned in Bank Indonesia Regulation Number 11/3 / PBI / 2009, and there is no limit to the maximum number. But still, this must be adjusted to the needs of the bank concerned. The board of directors in a company will determine the policies to be taken or the company's strategy in the short term and long term. Therefore, the proportion of the board plays a role in the company's performance. The greater the external needs, the more effective, the greater the need for councils.

The Influence of the Board of Commissioners on the Financial Performance of BPR Syariah

Regression test results show that the number of the Board of Commissioners has a negative and significant influence on the financial performance (Return on Assets or ROA) of BPR Syariah in the Sleman Regency. The results of this study are supported by research conducted by (Puspitasari & Ernawati, 2010). The Board of Commissioners plays an important role in an Islamic bank, which oversees the performance of the board of directors so that the resulting performance is following the interests of stakeholders while also ensuring that the board of directors improves the company's performance. The results of this study indicate the direction of a negative relationship so that the number of the board of commissioners that is too much or exceeds the amount needed will reduce the company's performance. This is because an excessive number of boards of commissioners will slow down the decision-making process. So, the number of boards of commissioners in an Islamic bank must be adjusted to the needs.

4. Conclusions

Based on the results of the research that has been done, the conclusion of this research can be drawn. First, the Sharia Supervisory Board (DPS) variable did not affect the Financial Performance (Return on Assets or ROA) of BPR Syariah in Sleman Regency in 2013-2018. This is because the Sharia Supervisory Board (DPS) in a bank has a dual position as the Sharia Supervisory Board (DPS) as well as in other banks, which results in the unfavorable or less focused performance of the DPS in overseeing a bank. Second, the Board of Directors variable has a positive and significant effect on the Financial Performance (Return on Assets or ROA) of BPR Syariah in Sleman Regency in 2013-2018. This shows that the board of directors in a company will determine the policies to be taken or the company's strategy in the short term and long term. Therefore, the proportion of the board plays a role in the company's performance. The greater the external needs, the more effective, the greater the need for councils. Suppose the roles and functions of the directors in the BPRS are carried out properly. In that case, it can be assumed that management will be more careful in carrying out the operations of the BPRS, because the number of directors is considered to be related to the strengths of supervision of the BPRS management. Third, the Board of Commissioners variable has a negative and significant effect on the Financial Performance (Return on Assets or ROA) of BPR Syariah in Sleman Regency in 2013-2018. This is because an excessive number of boards of commissioners will slow down the decision-making process. So, the number of boards of commissioners in an Islamic bank must be adjusted to the needs. Fourth, the Sharia Supervisory Board (DPS), Board of Directors, and Board of Commissioners variables simultaneously influenced the Financial Performance (Return on Assets or ROA) of BPR Syariah in Sleman Regency in 2013-2018.

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