Financial performance difference analysis of Mandiri Islamic Bank by using sharia value added and income statement approach on 2007-2011 period

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A R T I C L E   I N F O

A B S T R A C T

This study tries to analyze the difference of financial performance of Islamic banks by using income statement approach and value added approach based on financial ratio. The financial ratio which is used consists of ROA, ROE, and the ratio between the total net income by earning assets, NPM, and BOPO. The data for analysis were taken from PT. Bank Syariah Mandiri Indonesia. Thus, the population of this research is the financial report of PT. Bank Syariah Mandiri; while the sample of this research was the financial report year 2007- 2009 for each approaches that are Income Statement Approach and Value Added Approach. The means of analysis to prove the hypothesis of this research is an independent sample t-test. It shows that the average financial ratio (ROA, ROE, net profit ratio of productive assets, and NPM). There are significant differences between the Income Statement Approach and Value Added Approach, while the BOPO ratio between the Income Statement Approach and Value Added Approach has no difference. Yet, when viewed in the overall level of profitability, it shows that there are significant differences between the Income Statement Approach and Value Added Approach.

1. INTRODUCTION

The economic system that grows today is the system of capitalism and socialism. This system refers to the principle that is actually contrary to Islam. Yet, Islam economic considers more on value factors, human noble character, social integrity, and adherence to God in the hereafter life which develops slower. According to Islamic perspective, economic activity is not solely to meet the needs of the material, but it must have a value of worship (Dian Triyanti 2008).

The growth of Shariah banking is relatively fast although it is still new. It cannot be separated from other factors such as the majority of the Indonesian Muslim community, the Islamic Shariah banking system, as well as the support of the Banking Act No. 10 of 1998 in lieu of Law 7 of 1992 which confirms the existence principles of Sharia Bank. Furthermore, strictly in section 6, it allows conventional banks to open sharia business units based on the principle of the dual banking system

models (Zainul Arifin 2005).

The Law no 10/1998 on Banking, which is a refinement of Law 7/1992, triggers the development of Islamic banking. This would allow the implementation of a Dual Banking System in the national banking system. This system has quickly pushed the opening of Islamic divisions of in a number of conventional banks (Nasrallah 2004).

In general, there are two things distinguishing Islamic banks and conventional. First, the relationship between banks and customers Islamic banks included in the agreement (contract) that put Islamic banks and customers as equal partners with the right (benefit), balanced obligation and responsibility (risk). Secondly, that the Islamic banks operating under Islamic muamalah concept is advocated fairness and transparency and prohibiting actions those are not in accordance with Islamic sharia (Eko Teguh Winiharto 2004).

Islamic accounting up to now continues to grow following the direction of enrichment theory.

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The two main streams of thought in Islamic accounting have come to diametrically thought between Islamic Syari`ah Enterprise Theory (SET) and Entity Theory (ET). SET is built on trust metaphors and zakat metaphors would prefer a balance between egoistic and altruistic nature compared with ET. While ET emphasizes on its egoistic than altruistic nature (Iwan Triyuwono 2007).

SET has a wider scope of accountability compared with ET. The accountability here is accountability to God, man, and nature. This form of accountability is to function as a strap so that Islamic accounting is always connected with the values that can raise awareness of the divine. The consequence of the SET acceptance as the basis of the development of Islamic accounting theory is the recognition of income in the form of value added (value - added), not income in the meaning of income (profit) as ET adopted (Iwan Triyuwono 2007).

In relation to the fulfillment of the financial statements of Islamic banks accountability, Baydoun and Willet (in Sulaiman 2001), an expert on Islamic accounting recommends value added statement, in addition to the financial statements of Islamic banks. Value added statement according to Baydoun and Willet, is a financial statement which emphasizes the principles of full disclosure and will be encouraged by moral awareness and ethical principles of full disclosure because it is a reflection of the management sensitivity toward the business activities process of the involved parties. Sensitivity is realized in the form of the accounting information presentation through a more equitable income distribution. The value statement has replaced mainstream accounting purposes of decision making to the social responsibility (Sofyan S. Harahap 2006).

Refers to the work of Muhammad Wahyudi (2005), researcher conducted a re-study on the Islamic banking financial performance by using the approach of profit and loss and value added. The research of Muhammad Wahyudi (2005) explains that the value-added approach emphasizes more on a fair distribution of the proceeds, while the profit and loss approaches only to the owners of capital. However, based on previous studies, the researcher added several variables to be tested further, ie the ratio of NPM and ROA (Muhammad Wahyudi 2005; Ema Rindawati 2007; Isna Rahmawati 2009, and Enik Sulistri 2009).

This study takes the object at PT Bank Syariah Mandiri Indonesia. Selection of PT Bank Syariah Mandiri Indonesia as the research object with the basis that the bank operates on Islamic principles

and that BSM is a bank as a pioneer of the banking establishment based on Islamic law. BSM was founded on July 31, 1999, which BSM was originally is an operating sector in PT. Bank Mandiri, but based on the development of Islamic banking in Indonesia Bank Syariah Mandiri finally established, which is a form of separate operations which was inaugurated on November 1st 1999 and got the status as a foreign exchange bank in 2002. Based on the explanation above, this research focuses on financial performance difference analysis of Mandiri Islamic Bank   by using sharia value added and income statement approach.

2. THEORETICAL FRAMEWORK AND HYPOTHESIS
Sharia Enterprise Theory (SET) : God as the center
The emphasis in Islam is that economic growth should lead to social justice and a more equitable distribution of power and wealth. Islamic concept of brotherhood, equality and justice implies the redistribution policy and a resource transfer among the various groups in society. A value added statement shows how is the benefits of the company's efforts gather with employees, shareholders, the government and the company itself, may be very useful for Muslims. Wealth distribution among different sectors of society, by definition, issues of social importance and this is characteristic of the value added statement that supports accountability in Islam. Thus, the value added statement can be considered in line with the concept of justice and cooperation that spreads Islam rather than the income statement (Maliah Sulaiman 2001).

Sharia Enterprise Theory (SET) by Iwan Triyuwono (2007) was developed based on the metaphor of zakat balance character. In Islamic syari`ah, the balance in a concrete form of realized in a form of worship, ie zakat. Zakat (which later became a metaphoric become zakat metaphor) implicitly contains egoistic - altruistic values , material spiritual, and individual - worshipers.

The second stakeholder of SET is the man. Here are divided into two groups, namely direct - stakeholders and indirect stakeholders. Direct stakeholders are parties which directly contribute to the company, either in the form of financial contributions and non - financial. Because they have contributed to the company, then they have the right to obtain the welfare of the company. While, indirect - stakeholders are parties who did not contribute to the company (financial and non - financial), but in syari`ah they are parties who have the right to get the welfare from the company.

Last stakeholder group of SET is nature. Nature is a party that contributes to the live-died of the company as a part of God and man. Company exists physically as established on the earth, using energy spread on nature, produced using raw materials from nature, providing services to others using the energy available in nature, and others. However, nature does not require distribution of corporate welfare in the form of money as people want. Wealth distribution in the form of the company's concern for nature conservation, pollution prevention, and others.

Of course the concept of SET very different from ET that puts human - in this casea stockholder - as the center. In this context the welfare concentrated on the stockholders. SET is also different from the Enterprise Theory though the stakeholders are broader than ET, but stakeholders here remain in the sense of human as the center.

Islamic Bank

Bank is one of the forms of human muamalah activities which is an agency specializing in finance. Basically the banks are intermediaries and the fund distribution between the party who have more the party who have less. In the modern economy, banks have shown an important role and did well in the public fund distribution.

The concept of Islamic Banking Operations

Sharia Bank is a financial institution which has a role as an intermediary between economic units that have excess funds (surplus units) with other units that had insufficient funds (deficit units) that operates in accordance with the principles of shari'ah ' ah (Muhammad 2005 : 13).

In general, the concept and principles of Shari'ah banking operations have been regulated in the Law 10 of 1998. In the law are detailed legal basis and the types of businesses that can be operated and implemented by the Sharia Bank.

Sharia banks in running the business has five basic operational concept, which consists of : (1) the principle of deposit or savings (al - wadi'ah / depository), (2) the principle of sharing (syirkah / profit - sharing), (3) principle of trading (tijarah or sale and purchase), (4) the principle of lease (ijara or operational lease and financial lease), and (S) the principle of service (al - AJR wal umulah or fee-based service) (Shafi Antonio 2001).

Fund Management Islamic Banking

Islamic banking fund management is the effort made by the institution of Islamic banks to manage or adjust the fund position received from funding activities to be distributed to financing activities, in the expectation that the concerned bank is still able to meet the criteria of liquidity, profitability and solvency (Muhammad 2005).

As it is the case with conventional banks, Islamic banks also have a role as an intermediary (intermediary) between units or groups of economic units that have excess funds (surplus units) with units that had insufficient funds (deficit units). Through bank, funds excess can be distributed to the parties that need and provide benefits to both parties. Islamic banks are designed to perform a service function as a financial institution for the customers and the community. The ratio is usually used to measure the performance of banks, namely:

Return on Assets (ROA)

ROA is the ratio between net income (net income) toward average assets (average assets). This ratio is used to measure the ability of bank management in profit (profit) as a whole. The larger the ROA of a bank, the greater the level of profit that the bank achieved and the better the position of the bank in terms of asset utilization. The formula used is :

$$ROA = \frac{NetProfit}{TotalAsset}. \tag{1}$$

(Income statement approach).

$$ROA = \frac{ValueAdded}{TotalAsset}. \tag{2}$$

(Value added approach).

Return on Equity (ROE)

ROE is the ratio between net income (net income) with average equity (average equity) or an investment from the bank owner. From the view of the owners, ROE is a more important measure because it reflects their ownership interests.

$$ROE = \frac{NetProfit}{TotalCapital}. \tag{3}$$

(Income statement approach).

$$ROE = \frac{ValueAdded}{TotalCapital}. \tag{4}$$

(Value added approach).

This ratio is widely observed by the bank's shareholders (both founder shareholders and new shareholders) and investors in the capital market who want to buy shares of the bank (if the bank has gone public). Profits for the owners of the bank are the result of the rate of profit (profitability) of the assets and their level of leverage used. Relationship between ROA and leverage can be described as

follows (Muhammad 2005):

$$\frac{NetIncome}{AverageAssets} \times \frac{AverageAssets}{Capital} = ROE \; . \qquad (5)$$

The ratio of net income and total productive assets

Definition of productive assets in the Bank Indonesia Directors Decree No. 31/147/KEP/DIR Date November 12, 1998 on Earning Assets Quality (in Rindawati Ema 2007) is an fund investment bank both in rupiah and foreign currencies in the form of loans, securities, interbank investments placements, commitments and contingencies at balance sheet transactions. Productive Assets Quality assessed based on business prospects, financial condition with an emphasis on cash flow and the ability of the debtor to pay.

Net Profit Margin (NPM)

NPM is a picture of a bank's efficiency in generating profits. This ratio is used to measure the bank's ability to generate net income before taxes (net income) observed from the operating income. The higher the ratio of a bank's net profit margin, it shows better result. Conversely, if the results of the ratio of net profit margin is low, then it suggests that the worse the outcome.

$$NPM = \frac{NetProfit}{TotalIncome} \; . \qquad (6)$$

(Income statement approach)

$$NPM = \frac{ValueAdded}{TotalIncome} \; . \qquad (7)$$

(Value added approach)

Operating Cost Ratio (BOPO)

Operating expense ratio is the ratio between operating expenses and operating income. This ratio is used to measure the level of efficiency and the bank's ability to conduct its operations. Determination the amount of this ratio is calculated by the following formula:

$$BOPO = \frac{OperationalCost}{OperationalIncome} \qquad (8)$$

Value Added Sharia Statement

As a consequence of receiving the SET, the Islamic accounting is no longer using the concept of income in terms of profit, but the use of value added. In a simple and conventional meaning, value-added is the excess difference of the output selling price sold to the input costs that are made up of raw materials and

required services (Baydoun & Willett 1994; Collins 1994; Wurgler 2000, in Iwan Triyuwono 2007)

Value Added Statement (VAR) also relates to Human Resources Accounting and Employee Reporting particularly in terms of the information presented. The Value Added Statement is actually a cover up the lack of information presented in the primary financial statements, Balance Sheet, Income Statement, and Cash Flow.

VAR seeks to fill this gap moreover giving information about the compensation given to employees and another stakeholder against company information. If conventional financial statements emphasizing the information on the return VAR emphasis on efforts to generate wealth. Due to shareholder profits (capitalists) usually only describe the rights or interests of shareholders only, not the entire team that was involved in the activities of the company. Value added is the increase in the wealth value that degenerate by productive use of all the resources of the company by the whole team there including the owners of capital, employees, creditors, and government. Value added is not the same as profit.

Profit shows revenues for shareholders while in the value -added measures the increase wealth for all stakeholders. Awareness of the VAR importance is in line with management objectives emphasis change with the first maximizes profit to the owners of capital, then to maximize the value added to its stakeholders. This indicator or information would be used to share the profit.

The use of Sharia Value Added report has not been declared yet as a liability description in the financial reporting in shariah entity under PSAK 101 about Presentation of Shariah Financial Statements which became applied effectively on June 27, 2007. But in the PSAK 101, shariah entity is obligated to make an additional report that is Sources and Uses of Funds Virtue reports which actually a report of shariah distribution funds use on Sharia Added Value Reports.

The value added report format has some differences with the conventional Income Statement form. Table 1 is the form of the Conventional Income Statement According to PSAK01 in 2012 so that it can be made comparisons between the two Company Performance Reports.

Analysis of the Islamic banks financial performance is a mean to determine how is the ability of Islamic banks to provide benefits for either directly or indirectly involved parties to the operations of the bank concerned. Analysis of the Islamic banks financial performance can be reviewed from

Table 1
Income Statement Form

Revenues	XXX	
Cost of Goods Sold		(XXX)
Profit Gross	XXX	
Other revenues	XXX	
Distribution costs		(XXX)
Administration costs		(XXX)
Other expenses		(XXX)
Funding costs		(XXX)
EBIT	XXX	
Interest expense		(XXX)
Profit before Tax	XXX	
Tax expense		(XXX)
Net Income	XXX	

big or small ratio aspect of the Islamic banks financial performance.

Research framework in this study is shown in Figure 1. Based on the background and the statement of the problem posed in this study, it can be compiled the following research hypothesis:

H1 : There is a significant differences in ROA Islamic banking if it is analyzed by the income approach and added value.

H2 : There is a significant difference in Islamic banking ROE ratio when it is analyzed with the income approach and added value.

H3 : There is a significant difference in the comparison ratio between net income and total earning assets on total net income with Islamic banking total earning assets when analyzed by the income approach and added value.

H4 : There is a significant differences in the ratio of Islamic banking NPM when analyzed with the income approach and added value.

H5 : There is a significant difference in the performance of the Islamic banking efficiency ratio when analyzed by the income approach and added value.

H6 : There is a significant difference in the financial performance of Islamic banking when analyzed by the income approach and added value.

3. RESEARCH METHOD
Research Design
The approach used is a quantitative approach; the research focuses on testing or proving hypotheses and an understanding through various tests using the measured data. According to Uma Sukaran (2006:161) research methods by using this quantitative approach is research that focuses on hypothesis testing that using measured data which it is expected could be drawn to a conclusion. This study aimed to compare the performance of Bank Syariah Mandiri

using two approaches, by using the income approach and the value -added approach to sharia.

Research Variables and Operational Definition of Variables
A variable is anything that can differentiate or bring variation on value (Sekaran 2006). The financial performance of Islamic banks with the income approach is the ideas of the achievement or ability in the performance of Islamic banks generate profits or earnings. While the financial performance of Islamic banks with a value-added approach is the idea of the achievement or ability in the performance of Islamic banks generate added value. ROA ratio is a ratio that describes the ability of banks to manage funds invested in assets that generate overall profits.

Net income is the profit (or loss) that obtained after deducting the bank tax. Value added is the increase in the value of the wealth generated or degenerate by productive use from all the resources of the company by the whole team there, including the owners of capital, employees, creditors, and government. Total assets are the total assets owned by the bank either current assets or fixed assets.

ROE ratio is the ratio between the net incomes by the average capital or investment banker.

Total capital is the residual right on the assets of a sharia entity after deducting all liabilities and temporary syirkah funds.
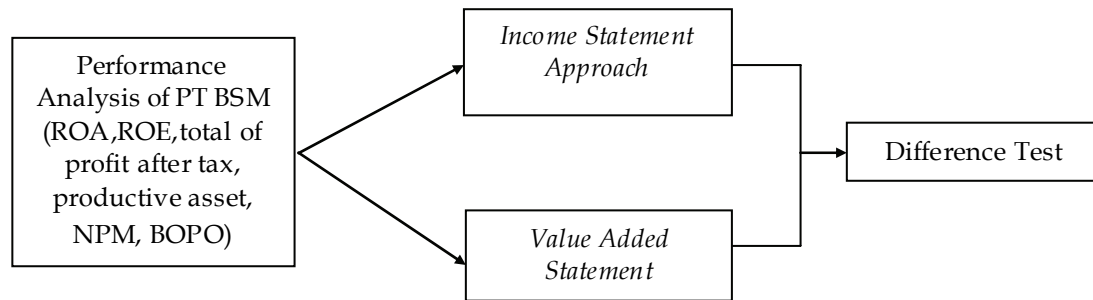
The ratio of net income to total earning assets is defined as:

$$LBAP = \frac{NetProfit}{TotalProductiveAssets} . \qquad (9)$$

$$LBAP = \frac{ValueAdded}{TotalProductiveAssets} . \qquad (10)$$

(Value added approach)

Figure 1
Research Framework

Productive assets is a bank funds investment both in rupiah and foreign currency in the form of loans, securities, interbank placements, investments, commitments and contingencies at the administrative account transactions.

NPM ratio is a picture of a bank's efficiency in generating profits.

Income is the total income earned by the bank. Level of efficiency is represented by the ratio of BOPO.

Revenues and operating cost are income and expenditures obtained by a bank of operations activity that have been done.

Population, Sample and Sampling Technique
Population is a generalization area that consisting of objects / subjects that have certain qualities and characteristics that are determined by researcher to be studied and then drawn conclusion (Sugiyono 2004). The population in this study is the financial report of PT Bank Syariah Mandiri, which are arranged in the form of annual consisting of balance sheet, income statement, asset quality reports, and notes to the financial statements. While the sample used is the financial statement for five periods is the period of 2007 - 2011.Data used in this study is a secondary data which is the annual financial statements of PT Bank Syariah Mandiri period of 2007-2011. The data in this study were collected through references of resources related to the study.

4. DATA ANALYSIS AND DISCUSSION
Descriptive Statistics
Descriptive statistics is used to describe the variables in this study. Analysis tool used is the average (mean), standard deviation, minimum and maximum to describe study variables.

Hypothesis test (different test of t-test)
Different test t-test was used to determine whether two unrelated samples have different average values are. Different test of t -test was done by com-paring the difference between the two average values with the standard error of the mean difference of the two samples.

T test was used to test significant level of variables influence individually (partial).If the t obtained is greater than t table means t means is significant the hypothesis is accepted. In contrast, if the obtained t is smaller than the t table means that obtained t is insignificant means the hypothesis is rejected. Besides, this test can be done by looking at p-value of each variable. If the p-value < 5 %, then the hypothesis is accepted and if the p-value> 5 % then the hypothesis is rejected (Imam Ghozali 2005).

Descriptive Data Analysis
Descriptive analysis is intended to see the characteristics of the data in the form of financial statements of Bank Syariah Mandiri in Income Statement and Statement of Sharia Value Added, which in this study using the mean, standard deviation, maximum value and minimum value of each of which represents a good ratio for income statement approach and value added approach. Descriptive statistical analysis results of both income statement approach and value added approach can be seen in Table 2.

Based on Table 2 unknown number of data (N) is 5, which is meant here consists of data from the financial statements of Bank Syariah Mandiri for five years from 2007 to 2011. Income Statement ROA variable has a minimum value and a maximum value of 0.0132 0.0090 where ROA is highest ROA in 2009 while the lowest was in 2007. The average value of 0.01158 with a standard deviation of 0.0016664 means there is no variation in the ROA ratio. Mean value 0.01158 indicates that it is relatively large number as the standard deviation of the ROA is lower than 0.01158 0.0016664. This indicates that the effectiveness of the company in utilizing the amount of assets to create profits is good so that the results value of ROA is big. ROA variable of Shariah Value

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Table 2
Results Descriptive Statistic

	Variables	N	Min	Max	Mean	Std.Deviation
ROA	ROA IS	5	.0090	.0132	.011580	.0016664
	ROA SVAS	5	.0691	.0790	.074340	.0042759
ROE	ROE IS	5	.1423	.2071	.174600	.0240826
	ROE SVAS	5	1.0815	1.1718	1.121800	.0361791
L/AP	L/AP IS	5	.0091	.0135	.011880	.0017612
	L/AP SVAS	5	.0703	.0806	.076380	.0042822
NPM	NPM IS	5	.0820	.1255	.107560	.0180173
	NPM SVAS	5	.6323	.7238	.688820	.0397303
BOPO	BOPO IS	5	.4509	.5175	.481380	.0238821
	BOPO SVAS	5	.2775	.3699	.321540	.0374308

Added Statement has a minimum value of 0.0691 and a maximum value of 0.079 which is the highest ROA in 2008 while the lowest ROA in 2007. The average value of 0.07434 with a standard deviation of 0.0042759 means there is no variation in ROA. Mean value 0.07434 indicates that it is relatively big number as the standard deviation of the ROA is lower than 0.07434 0.0042759. It indicates that the effectiveness of the company in using the amount of assets to create profits is good so that the resulting in ROA great value. It is seen there is a great difference in ROA ratio on both approaches, whereas the mean of ROA income statement is smaller than the mean of ROA Shariah

Value Added Statement is because the differences in the return calculation on both approaches. ROE Income Statement Variable has a minimum value of 0.1423 and a maximum value of 0.2071 which is the highest ROE in 2010 whiles the lowest ROE in 2007. The mean value of 0.1746 and a standard deviation of 0.0240826 means that there is no variation in ROE. The value of 0.1746 shows that it is a big number because the standard deviation in ROE is lower than 0.1746 (0.0240826). It indicates that there is a good corporate effectiveness in using the existing owner`s contribution to create a profit.

The ROE ratio of Shariah Value Added Statement has a minimum value 1.0815and a maximum value 1.1718 where the highest ROE in 2010 while the lowest ROE in 2009. The mean value of 1.1218 with a standard deviation of 0.0361791 means there is no variation in ROE. The 1.1218 shows that it is a big numbers because the standard deviation in ROE is lower than 1.1218 it is 0.0361791. This indicates that there is a good corporate effectiveness in using the existing owners' contribution to create a profit. ROE decline in 2009 caused by the increasing amount of equity in the company, but it will increase the amount of companies capital that can be use to increase the company's operational activities.

Differences in ROE ratio's mean on both approaches because of differences in the calculation of return between the two approaches.

Variables ratio of a net profit with earning assets income statement has a minimum value 0.0091 and a maximum value 0.135 where the net profit ratio is highest earning assets in 2009, while the ratio of net income with earning assets the lowest was in 2007. The mean value of 0.01188 with a standard deviation of 0.0017612 means there is no variation in the comparison amount of net income with asset quality. The number of 0.01188 shows that it relatively big because of the standard deviation lower than 0.01188 that is 0.0017612. This indicates that the effectiveness of the company in using

Added Statement asset has minimum value 0.6323 and maximum value 0.7283 whereas the highest NPM was on 2011 while the lowest NPM was on 2007. The mean value as 0.68882 with standard deviation as big as 0.0397303, could be described as no variation on NPM. The number 0.68882 shows a high number because the standard deviation on NPM is lower than 0.68882 that is 0.0397303.

It indicates that the bank's ability in earning a net profit is good that the total revenue is big. NPM increase in every year means the company is doing better in earning the revenue by minimizing its operational cost that the added value earned still high. NPM ratio mean difference both approaches caused there is a difference in return calculation between two approaches. Income Statement BOPO variable has a minimum value of 0.4509 and maximum 0.5175 highest where the BOPO value was in 2007 while the lowest BOPO was in 2009.

The average value of 0.48138 with a standard deviation of 0.0238821 means there is no variation in BOPO. The 0.48138 numbers indicates a relatively big number because the standard deviation on BOPO is lower than 0.48138,it is 0.0238821. It indicates that the level of efficiency and the bank's

ability to conduct its operations is good. In BOPO variable of Shariah Value Added Statement has a minimum value 0.2775 and a maximum value of 0.3699 where the highest ROA was in 2008 while the lowest BOPO was in 2011.

The mean value as 0.32154 with a standard deviation of 0.0374308 means there is no variation in BOPO. The 0.32154 numbers indicate a relatively big number because the standard deviation in BOPO is lower than 0.32154, that is 0.0374308.It indicates that the level of efficiency and the bank's ability in conduct its operations is good. BOPO values decreased from 2007 to the next year means the company is going better to push its operating expenses and the ability to generate increased revenue. The mean results of the calculation ratio are almost the same between the two approaches because there is no big difference in the way the calculation of BOPO ratio using the income statement approach and by using the approach of Shariah Value Added Statement.

Hypothesis Testing
ROA Ratio Analysis
Table 3 obtained a result of ROA ratio comparison by using the Income Statement approach and Shariah Value Added Statement approach using Independent Sample T Test Statistic. Based on Table 2, the obtained results from the first part of SPSS output it can be seen Return on Assets average ratio (ROA) on the Income Statement is 0.0116 while the Shariah Value Added Statement is 0.0743. In absolute terms it is clear that the average ROA between the Income Statement and Shariah Value Added Statement is different, yet to see whether this difference is statistically real that it is to be seen too the second part output that is the independent sample t-test.

In the second part of SPSS output shows that the calculated F Levene test was 7.331 with a probability of 0.027 for probability < 0.05, it can be concluded that both variants between the Income Statement and the Shariah different Value Added Statement. From SPSS output shows that the value of t at equal variances assumed -2.783 with significance probability is 0.00 <0.05 then H1 is accepted. So it can be concluded that the ROA ratio on income statement approach and value added approach is significantly different.

ROE ratio analysis
Table 3 obtained comparison results of ROE ratio by using the Income Statement approach and Shariah Value Added Statement approach using Independent Sample Statistic T-test. Based on Table 2, the re-

sults obtained from the first part of SPSS output it is seen an average ratio Return on Equity (ROE) in the Income Statement is 0.1746 while the Shariah Value Added Statement is 1.1218. In absolute terms it is clear that the ROE`s mean between the Income Statement and Shariah Value Added Statement is different, yet to see whether this difference is statistically significant then it must be seen too the second part output that is the independent sample t-test.

In the second part of SPSS output shows that the calculated F Levene test was 1.179 with a probability of 0.309 due to probability > 0.05 and it can be concluded that both variants between the Income Statement and the Shariah Value Added Statement is the same. Thus the analysis of different test a t-test must use assuming equal variances assumed. From SPSS output shows that the value of t at equal variances assumed is -48.733 with significance probability 0.00 < 0.05 then H2 is accepted. So it can be concluded that the ROE ratio of the income statement approach and value added approach is significantly different.

Analysis of Net Income ratio / Productive Assets
In table 3 it is obtained the ratio comparison of the Net Income/Productive Asset using the Income Statement approach and the Shariah Value Added Statement approach using Statistic Independent Sample T-test. Based on Table 2, the results obtained from the first part of SPSS output it is seen average ratio of Net Income/Productive Asset on Income Statement is 0.01188 while on the Shariah Value Added Statement of 0.07638. In absolute terms it is clear that the average Net Income/Productive Assets between the Income Statement and Shariah Value Added Statement is different, yet to see whether this difference is significantly real we have to see the second part output too that is independent sample t-test.

In the second part of SPSS output shows that the calculated F Levene test is 3.599 with a probability of 0.094 due to probability > 0.05 and it can be concluded that both variants between the Income Statement and the Shariah Value Added Statement is the same. Thus the analysis of different test a t-test must use assuming equal variances assumed. From SPSS output shows that the value of t at equal variances assumed significance probability is -31.149 with 0.00 < 0.05 then H3 is accepted. So it can be concluded that the ratio of Net Income/Assets in the income statement approach and value added approach is significantly different.

NPM ratio analysis
Table 3 obtained ratio comparison of the results by

Table 3
Test results of the Independent Sample T – Test

Research Variables		Levene's Test for Equality of Variances		T-test for Equality of Means	
		F	Sig.	t	Sig. (2-tailed)
ROA	Equal variances assumed	7.331	.027	-	-
	Equal variances not assumed	-	-	-30.580	.000
ROE	Equal variances assumed	1.179	.309	-	-
	Equal variances not assumed	-	-	-48.733	.000
Net Profit/ Productive Asset	Equal variances assumed	3.599	.094	-	-
	Equal variances not assumed	-	-	-31.149	.000
NPM	Equal variances assumed	6.990	.030	-	-
	Equal variances not assumed	-	-	-29.794	.000
BOPO	Equal variances assumed	1.798	.217	-	-
	Equal variances not assumed	-	-	8.050	.063
Performance	Equal variances assumed	.030	.867	-	-
	Equal variances not assumed	-	-	-78.415	.000

using the of NPM approaches Income Statement and Value Added Statement Shariah approach using Independent Sample Test Statistic T-test. Based on Table 2, the results obtained from the first part of SPSS output it cab be seen average ratio of NPM in the Income Statement is 0.10756 while the Shariah Value Added Statement of 0.68882. In absolute terms it is clear that the average NPM between the Income Statement and Shariah Value Added Statement id different, yet to see whether this difference is statistically significant, we have to be see also the second part output it is the independent sample t-test.

In the second part of SPSS output shows that the calculated F Levene test was 6.990 with a probability of 0.030 for probabilities < 0.05, it can be concluded that both variants between the Income Statement and the Shariah different Value Added Statement. From SPSS output shows that the value of t at equal variances assumed significance probability is -29.794 with 0.00 < 0.05 then H4 is accepted. So it can be concluded that the ratio of NPM in the income statement approach and value added approach is significantly different.

BOPO ratio analysis
In Table 3 there is BOPO comparison ratio result by using Income Statement approaches and Shariah Value Added Statement approach using Independent Sample Statistic T-test. Based on Table 2, the results obtained from the first part of SPSS output it can be seen the average BOPO ratio on the Income Statement is 0.48138 while the Shariah Value Added Statement of 0.32154. Here that the BOPO average between the Income Statement and the Shariah Value Added Statement is slightly different, yet to see whether this difference is statistically

significant it we have to see also the second part output of the independent sample t-test.

In the second part of SPSS output shows that the calculated F Levene test was 1.798 with a probability of 0.217 for probability > 0.05 and it can be concluded that both variants between the Income Statement and the Shariah Value Added Statement is the same. Thus the analysis of different test must use a t-test equal variances assumed. From SPSS output shows that the value of t at equal variances assumed is 8.050 with a significance probability of 0.00 > 0.64 so that H5 is unacceptable. So it can be concluded that the ratio of the BOPO on income statement approach and value added approach does not differ significantly.

Overall Performance Analysis
After the results of the ratio of each bank are obtained, the next step is to analyze the bank's overall performance by summing the ratio of each bank. The variable named "Performance". The sum of the "Performance" variable is then processed by SPSS using independent sample t-test. In Table 3 Overall performance comparison result is obtained by using the income statement approach and the Shariah Value Added Statement approach using Test Statistic Independent Sample T-test.

In Table 2 Performance comparison of the result is obtained by using the income statement approach and the Shariah Value Added Statement approach using Test Statistic Independent Sample T-test. In the SPSS output shows that the calculated F Levene test was 0.030 with a probability of 0.867 for probabiltas > 0.05 and it can be concluded that both variants between the Income Statement and the Shariah Value Added Statement is the same.

Thus the analysis of different test must use a t-test equal variances assumed. From SPSS output shows that the value of t on equal variances assumed significance probability is -78.415 with 0.00 < 0.05 so that H6 is accepted. So it can be concluded that the value of the Income Statement Performance and Value Added Statement Shariah differ significantly.

Result of the analysis of the first hypothesis states that there is significant difference in ROA between the Income Statement approach and the Shariah Value Added Statement approach in the year 2007 to 2011, so the hypothesis in this study is accepted or there is a difference between these two approaches based on ROA ratio. This is because there is a difference in determining return value on the both methods.

Where on income statement the returns value obtained by calculating the net income of the expense, while the Shariah Value Added Statement return value is obtained from reduced expenses by eliminating the income account which is the account distribution as ZIS, Salary, Profit Sharing, Dividends, and Taxes. Besides that, descriptive analysis on ROA during the study period. ROA ratio is used to measure the ability of bank management in obtaining the overall gain, so the higher the ROA value indicates that the bank has had a good ability to generate profits by using its assets.

The result analysis of the second hypothesis states that there is significant difference in the ROE ratio between the income statement approach and the approach Shariah Value Added Statement in the year 2007 to 2011, so this hypothesis is accepted or there is a difference between these two approaches based on ROE ratio. It is because there is a difference in determining on the return value of both methods.

Where the income statement, the return value obtained by calculating the net income, while the Value Added Statement Shariah return value obtained from reduced expenses by eliminating the income account is the account distribution as ZIS, Salary, Profit Sharing, Dividends, and Taxes. ROE ratio is an important indicator for shareholders and potential investors to measure the ability of banks to manage part of its capital to acquire net income, so the higher the ROE, the higher the profits obtained by the company so that the good bank profitability and investor's trust will increase as capital he invested is processed properly.

Results of the analysis of the third hypothesis states that there is significant differences in the comparison ratio of net profit (return) with productive assets between income statement approach and the Shariah Value Added Statement approach in the year 2007 to 2011, so the hypothesis in this study is accepted or there is a difference between the two approaches the ratio is based on Net Profit/ Assets. Beside that, based on a descriptive analysis of the net profit comparison with earning assets during the period of the study of the two approaches quantitatively Shariah Value Added Statement approaches has ratio of net profit to higher earning assets even though there is a small difference compared to the income statement approach.

Differences in report formats on both approaches where the Shariah Value Added Statement contained actual sharia distribution allocation that eliminates expenses account that reduce the value of net profit on the Income Statement report makes the resulting ratio value there is a difference in both approaches.

Analysis results on the fourth hypothesis states that there is significant difference in the ratio between the NPM Income Statement approach and Shariah Value Added Statement approach in the year 2007 to 2011, so this hypothesis in this study is accepted or there is a difference between the two approaches based on NPM. Beside that, based on the descriptive analysis of NPM during the study period, from the two approaches in quantitative approaches Shariah Value Added Statement NPM has a higher ratio though there is the small difference compared to the income statement approach.

This difference is due to differences in the calculation of the ratio of the return value in both approaches, whereby the income statement the returns value taken from the value of net profit, while the Value Added Statement Shariah`s return value is taken from the total value added. NPM ratio is used to measure the bank's ability in generate net profit in terms of operating income point of view, so the higher the ratio of a bank`s NPM shows good ability to its reduce operating expense.

Results of the analysis on the fifth hypothesis states that there is no significant difference in the ROA ratio between income statement approach and the Shariah Value Added Statement approach in the year 2007 to 2011, so this hypothesis can not be accepted or not there is a difference between the two approaches based on NPM. Related to the high BOPO ratios using either Income Statement approach or Shariah Value Added Statement approach to obtain results that are not too different.

It`s because there is only a difference value on the operating expenses especially on salaries where the to Shariah Value Added Statement approach salaries will go on the calculation of the sharia distribution not input as an increase in total operating

expenses in the income statement reports. However, this difference was not significant readable by SPSS because the total salaries values are relatively small so it does not affect the SPSS calculation.

Analysis result on the sixth hypothesis states that there is a significant difference in overall performance between the income statement approach and the Shariah Value Added Statement approach in the year 2007 to 2011, so this hypothesis is accepted or there is a difference between these two approaches based on Overall Performance. But quantitatively the Shariah Value Added Statement approach has higher performance than the Income Statement approach

The results shows that by using an approach known Shariah Value Added Statement it is known the obtained value added (profit) of Bank Syariah Mandiri from years 2007 to 2011 was higher than the net profit using the income statement approach. The great value difference is due to the difference in the concept of ownership and theory concepts in accounting used.

The purposes of income statement is more emphasis on the stakeholders` importance, it is clearly seen from indication on the income statement construction. In the construction of the income statement, it can be seen that the items of a third party's rights such as profit sharing, employee salaries, ZIS, the tax that is a party that has contributed indirectly to profit gain, is an item treated as expense that serves as reducing earnings. In addition there is one more item, which is employee as a party that has contributed directly to the profit gain, it is also treated as an expense.

In contrast, the added value concept which using SET. The value added concept has great concern to large stakeholders, namely God, man, and nature. This concern is implemented by the management `s willingness to distribute added value to all involved parties in the value -added gain, that is the government (through taxes), employees (through salary), the owners of capital (through dividends), zakat infaq charity, the funds are reinvested, and surrounding environment.

Profit in the concept of added value is the total revenue, both from operating income, non-operating income and revaluation. It shows that the added value concepts really concerned about the fairness value. Where all parties are entitled to feel any added value generated, regardless of whether it comes from major operation or not. Not so with the concept of profit and loss, in which a third party is only entitled to the income derived from major operation, yet he has no entitled other than that.

From the interpretation results, we can conclude there is difference in the theory application used in the Income Statement and Added Value Statement. Income Statement is using the Entity Theory (ET) which emphasizes on its main operating income to be shared and devoted only to the owners of capital, while the Value Added Statements using Sharia Enterprise Theory (SET) which more implement the justice principle where the added value will be distributed to all parties involved in generate the added value.

The big difference in the theoretical approaches application used in the income statement approach and shariah value added approach statement cause analysis` result of financial performance (ROA, ROE, net profit comparison with productive assets, and NPM) showed significant different result. For BOPO ratio it is not proved there is a significant difference due to operating income and operating expenses in the approach of shariah value added statement there is small difference in as treated on the income statement approach that is only differences on the allocation of employees` salaries. So the value added gain (profits) by using the value added approach shows greater results compared to the profit obtained by using the income statement approach.

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

Based on the data processing of the Bank Syariah Mandiri`s financial statements in the form of Income Statement and Value Added Statement of 2007 to 2011 and the analysis results of independent sample t-test statistical test which refers to the formulation of research problems and research objectives are to review the financial performance of Islamic banking if it is calculated by income approach and added value and to obtain empirical evidence about the financial performance differences of Islamic banking if it is calculated with the approach of income and value -added terms of the ratio of ROA, ROE, the ratio of net income with total earning assets, NPM, and BOPO, then some conclusions can be formulated as follows :

Financial performance represented by ROA, ROE, net income comparison with productive assets, and NPM in 2007-2011 shows that there is a significant difference on the income statement approach and shariah value added statement approach.

Financial performance represented by BOPO ratios in 2007-2011 showed that there is no significant difference the income statement approach and the shariah value added statement approach. It is because the operating income and operating expenses in the in-

come statement approach and the shariah value added statement approach is the same except for the allocation of employee salary costs which in the income statement approach the employee salary costs is allocated as operational costs, while the shariah value added statement approach, the employee salary costs is allocated on the distribution of sharia.

Overall profitability level of Islamic banking that measured using income statement approach and shariah value added statement approaches have significant difference. There is a difference between the income statement approach and shariah value added statement approach, the shariah value added statement approach prefer the principle of fairness in the distribution of value added to shareholders, employees, creditors, and government (Harahap 2006). Thus, in this study the value (profit) obtained is higher compared to the profits gained based on the income statement approach.

This study contains several limitations; those are the Bank sample in this study is limited only one Islamic bank, Bank Syariah Mandiri, so the results can not be generalized. Also the study period is relatively short, five years (2007-2011) so that the research result is likely less reflecting the real phenomena.

The researcher suggests that the existence of Value Added Statement should provide clearer information to users of financial statements. Value Added Statement provides information relating to the distribution of the result obtained by the bank. Therefore, it is worth all the Islamic banks willing to issue Value Added Statement as the addition to the published financial statements. It can be triggered by the emergence of Islamic PSAK that requires the reporting of added value on Islamic entity in order to improve the quality of financial reporting of Islamic banking based on Shariah Enterprise Theory.

This study only uses 5 ratios in measuring the performance of the banking; the future researchers should use more ratios to measure performance. In addition, future researchers should also reproduce the sample, so the result is more generalized. In addition, researchers also add the upcoming year period of analysis in order to know more of the increase or decrease of the ratios.

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