

Assessing Moderating Effects of Board of Directors and Sharia Committee in Improving Performance of Islamic Insurance Company

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This study aims to examine the variables of the board of directors and the sharia committee in relation to the variables that affect the financial performance of sharia insurance companies in Indonesia. This research is important because the Islamic finance industry must be run in accordance with the principles of Islamic sharia so that the business that is run is not entirely business. This research was conducted at Islamic insurance companies and insurance companies that run sharia business units in the period 2011 to 2017. The research method used moderated regression analysis. The variable used to measure financial performance is a surplus on contribution (SoC) while the independent variable is a debt to equity ratio, size, and age. The results showed that size has a positive effect on financial performance, age has a negative effect on financial performance, and leverage has no effect on financial performance. Whereas the board of directors strengthens the relationship between leverage and financial performance and weakens the relationship between size and financial performance, and sharia committee weakens the relationship between size and financial performance and strengthens the relationship between age and financial performance.

Keywords: Board of Director; Sharia Committee; Financial Performance

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INTRODUCTION

The non-bank financial industry, especially the sharia insurance sector in Indonesia continues to increase. This further explains that people are beginning to understand that insurance is part of risk management that must be prepared in life both as self-protection, business portfolios, and others. Related to its current existence, sharia insurance companies must have good performance in order to be able to survive and meet the needs of the community. Good performance improvement will show that the sharia insurance business has been successfully implemented, especially in developing countries. Therefore the existence of the management ranks will greatly influence the success of the company's business because it will control the potential of the company's resources.

However, the fact on the ground that management policy in running a company is certainly quite influenced by the existence of a sharia committee in overseeing its work so that there will be job inadequacies that are quite disruptive to the company, even though the sharia committee has the duty to keep the company in sharia principles. This condition actually has to be a trigger for the company that management should be encouraged to work better through the supervision of the sharia committee. But this theory must be proven through research focused on sharia insurance companies.

Another condition is that the board of directors will have an impact on management. This is due to the increasing number of directors, the more interests and differences of opinion that can encourage an increase in company performance or vice versa, instead it can disrupt performance. Therefore, to provide certainty of its existence in Islamic insurance, research is needed.

The first step to know is to determine the size of the company's performance. Financial report analysts usually use financial data as a tool to measure performance. One commonly used measure of insurance company performance is surplus on Contribution (SoC). Therefore, this study will focus on financial performance using SoC. Surplus shows the difference in the total contribution of participants into tabarru funds' after deducting payment of compensation/claims for reinsurance and technical reserves, in a given period, while Contribution is the gross amount that is liable to insurance participants to pay claims for certain risks due to disaster to the soul, body, or objects experienced by the participating participants and to pay for ujah.

A more important factor is not only the high financial performance that has been obtained at this time but rather the determinants of the causes of the increase in financial performance. According to the results of the collection of literature studies, one of the factors thought to influence the company's financial performance is a capital structure (leverage). This ratio is illustrated by the debt to equity ratio (DER), namely the higher this ratio indicates the higher the risk of failure that may occur in the company, and vice versa if the lower the ratio shows the lower the risk of failure that might occur to the company. But the high and low risk is usually directly proportional to the profits to be obtained so that the ratio will have an impact on financial performance. This is in accordance with the results of research by (Campbell, 2002) and Miyajima, Omi, and Saito (2004) stating that leverage has a negative effect on profitability. While the research of Hidayat and Firmansyah (2017) states that leverage has a positive effect on the level of profitability.

In addition to the above factors, other factors that are thought to influence the company's financial performance are assets. Companies that have large assets are usually more flexible in obtaining financial performance compared to companies that have small assets. As has been proven by the research of Hidayat and Firmansyah (2017) and Almajali, Alamro, and Al-soub (2012), it shows that size has a positive effect on company performance.

Other factors that influence performance are the age of the company. Age is thought to influence profitability according to several studies that have proven it (Almajali et al., 2012; Alomari & Azzam, 2017; Batra, 1999; Burca & Batrîncă, 2014; Lumpkin & Dess, 1996). Companies that have a longer age have more experience so they are better able to control the company in order to improve company performance. However, this must be further proven through a study, especially on sharia insurance companies that are currently developing.

Therefore, considering that sharia insurance companies in Indonesia are experiencing development, it is very urgent to conduct research on the factors that cause the high and low financial performance of sharia insurance companies so that the trend of increasing company performance can be maintained.

After determining the factors predicted to affect financial performance, the next step is to place the composition variables of the board of directors and the sharia committee which are forms of the mechanism of good corporate governance (Chapra & Umar, 2002) as

moderating variables. This is based on several studies that have been done before that good corporate governance (GCG) basically has a goal to make progress towards the performance of a company.

In carrying out the company's operations, the GCG mechanism in sharia financial institutions can be seen from several indicators including the number of boards of directors and the number of supervisory boards. The results of the study relating to the effect of the implementation of GCG on performance is the (Klapper, 2002) study found that there is a positive relationship between corporate governance and company performance. This explanation shows that the composition of the board of directors and the supervisory board are factors that also interfere with management in running the company. The existence of directors and supervisors is certainly expected to be a factor that can improve the relationship between leverage, size and the age of the company in improving the performance of Islamic insurance companies.

Therefore, this study will re-examine the effect of variable leverage, size, and age on financial performance with the board of directors and the sharia committee as a moderating variable in sharia insurance companies in Indonesia.

LITERATURE REVIEW

Agency Theory (Agency Theory)

In practice regarding the relationship between the factors that influence the performance of sharia insurance companies, there is one thing that cannot be separated from the achievement of the goals of the company's organization and its performance, namely management. Achieving the goals and performance of the company cannot be separated from the performance of management itself. In this regard, the relationship between the management of the company and the owner will be stated in a contract. The contractual relationship between the owner and the management is in line with the Agency Theory (Jensen & Meckling, 1976).

An agency relationship is defined as a contract where one or more people (called owners or shareholders or owners) appoint another person (called an agent or manager/management) to do some work on behalf of the owner. The work includes delegating authority to make decisions. In this case, the management is expected by the owner to be able to optimize the existing resources in the company to the fullest. If both parties maximize their role (utility

maximizers), it is reasonable if management will not always act in the interests of the owner. This is very reasonable because owners generally have welfare motives a long-term, whereas management is more short-term in nature, so sometimes they tend to maximize profit in the short term regardless of the sustainability of long-term profits. To limit or reduce this possibility, the owner can set appropriate incentives for management, namely by issuing monitoring costs in the form of salary.

With the monitoring cost, management will always maximize the welfare of the owner, even though management decisions in practice will be different from those of the owner (Jensen & Meckling, 1976). Corporate governance as the effectiveness of the mechanism aimed at minimizing agency conflict so that it is expected that through the optimization of the sharia committee and the board of directors, the company's operations will run accordingly.

Financial Performance Of Sharia Insurance Companies

One way that is used to assess the financial performance of a sharia insurance company is by looking at its Surplus on Contribution (SoC) (Syahrums, Mokhtar, & Aziz, 2015). Surplus underwriting is calculated by the difference in the total contribution of participants into tabarru funds' after deducting payment of compensation/claims for reinsurance and technical reserve contributions, within a specified period. The higher the surplus in the Islamic insurance company shows the higher the level of performance in the insurance company. Effective surplus will not only help the existence of sharia insurance companies in the long term, but this can also attract customers to be able to insure in the sharia insurance company, so that in the end it will increase the market share of sharia insurance which has an impact on the increasing financial performance of sharia insurance. Another study examines the performance of the insurance industry from an efficiency perspective (Rusydia & Nugroho, 2017).

Factors That Influence Financial Performance Leverage

Leverage is the ratio between debt and equity. This ratio is illustrated by the debt to equity ratio (DER) which is used to determine the amount of funds provided by creditors with a ratio of their own capital so that this ratio serves to find out every rupiah of its own capital which is used as collateral for debt. The DER

ratio is a fundamental measure in corporate finance, which can show the company's financial strength. This ratio is the ratio between equity and debt, where debt includes long-term, short-term, and current liabilities.

The funding policy reflected in the debt equity ratio (DER) greatly influences the achievement of profits obtained by the company. If the cost of debt reflected in borrowing costs is greater than the cost of own capital, then the average cost of capital will be greater so that profitability will be smaller, and vice versa (Brigham & Houston, 2014).

This high ratio indicates that the company will have real problems in the long run, one of which is the possibility of bankruptcy. The greater the debt the greater the risk is borne, even though in circumstances where the company can very well manage its debt, then the existence of debt will provide a good opportunity for the company to be able to increase profits or profits.

The higher leverage shows the greater trust from outside parties, this is very possible to improve company performance, because, with large capital, the opportunity to achieve profit levels is also large. Thus the effect of leverage on SOC is positive. This is supported by a pecking order theory that establishes a sequence of funding decisions where managers will first choose to use retained earnings, then debt, and external self-capital as a last resort (Brigham & Houston, 2014).

The results of the study by Kartikasari and Merianti (2016), Daldi (1997), and show that financial leverage has a positive effect on profitability as measured by profitability. Whereas Abor (2013), Campbell (2002), Miyajima, Omi, and Saito (2004) and Ulzanah and Murtaqi (2013) studies show that leverage has a negative effect on profitability.

Based on the theory and the results of the research above alleged leverage has a positive effect on financial performance, the hypothesis is:

H1: leverage has a positive effect on the financial performance of Islamic insurance companies

Company Size (Size)

The company size is a scale, which can be classified according to various ways. At the company, size is more likely to be seen from the total asset as power companies in the operations, while the assets are sourced from debt and equity capital. A company with large assets has the possibility to generate greater profits. The results of (Alper & Anbar, 2011), (Hidayat & Firmansyah, 2017); (Almajali et al., 2012); (Menicucci & Paolucci, 2016); (Short, 1979), (Smirlock, 1985) and, (Mehari, 2013); (Kemal, 2018) shows that there is a

relationship between size and performance. Therefore based on the results of the study it is predicted that the size can affect the performance of Islamic insurance companies. So the second hypothesis is:

H2: Size has a positive effect on the financial performance of sharia insurance companies

Age

The age of the company is a measure where the distance of time is measured when the company began to stand until now. Companies that have a long life will have more knowledge and experience in running the company's operations so that they will enjoy more in managing the company's resources. This has been proven by several studies, namely Batra (1999), (Lumpkin & Dess, 1996), (Almajali et al., 2012), Alomari and Azzam (2017), and Burca and Batrinca (2014) which indicate a relationship positive between age and company performance. This means that the greater the age, the better the company's performance. Therefore, the third hypothesis is:

H3: Age has a positive effect on the financial performance of sharia insurance companies

Mechanism Of Good Corporate Governance (Gcg)

Corporate Governance is a process and structure used to direct and manage the business and corporate affairs in order to improve the business prosperity of corporate accountability with its main goal is to realize shareholder value in the long term while taking into account the interests stakeholders of other. Investor confidence and market efficiency are highly dependent on disclosure of company performance accurately and on time. To be valuable in the global capital market, the information must be clear, consistent and comparable and use accounting standards that are accepted throughout the world. The impact of transparency is that parties with an interest in the company can pay attention to the impact of the risk of dealing with the company.

With the principles of GCG, the resulting financial statements can be disclosed transparently and accurately, so that it can help investors and other interested parties in a company to make decisions so as to improve the company's financial performance. So it can be concluded that with the implementation of GCG principles in the company, the parties involved in the company have responsibilities that are in accordance with applicable regulations, so as to encourage the management of organizations that are more democratic, more accountable, more transparent and will increase

the belief that other companies and organizations can contribute these benefits in the long run. In this case, of course, the company's financial performance will increase because the company activities are running well.

To see the GCG mechanism in accordance with this study, the indicators of this study are the number of board of directors and the number of sharia committee.

1. Board of Directors. Some research results indicate the influence of the size and composition of the board of directors in the company's activities. The size and composition of the board of directors can affect the effectiveness of monitoring activities. The greater the size and composition of the board of directors will have a positive impact on company performance and value if the composition of the board of directors is dominated by a board of directors from outside the company and the company's performance and value will be low if the size and composition of the board of directors comes from within the company. Increasing the size and diversity of the board of directors will provide benefits to the company because of the creation of networks with parties outside the company and ensuring the availability of resources. 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. Included in financial management or because it has long been managing the company so that it has understood the condition of the company. Based on this description, the hypothesis proposed is as follows:
 - H4: Board of directors moderates the relationship between leverage and financial performance of sharia insurance companies**
 - H5: Board of directors moderates the relationship between size and financial performance of sharia insurance companies**
 - H6: Board of directors moderates the relationship between age and financial performance of sharia insurance companies**
2. Sharia Committee. The sharia committee as part of the organ of the company which operates on the principle of Islamic Sharia has the duty and responsibility collectively to supervise and provide advice to the directors / management and ensure that the company implements Islamic principles. According to Chtourou, Marrachi, and Bedard (2001), the greater the number of councils, the better the mechanism for monitoring corporate management. The large number of councils

benefits the company from the perspective of resource dependence. The purpose of the view resources dependence is that the company will depend on its board to be able to better manage its resources. The possibility that occurs is the factors that are thought to influence the performance of the company can be disrupted by the number of sharia committee. This means that more and more sharia committee can have a good or otherwise role in the relationship between variables. Therefore, based on the description above, the hypothesis proposed is as follows:

H7: Sharia committee moderates the relationship between leverage and financial performance of sharia insurance companies

H8: Sharia committee moderate the relationship between size and financial performance of sharia insurance companies

H9: Sharia committee moderate the relationship between age and the financial performance of sharia insurance companies

RESEARCH METHODS

Population And Samples

This study used a population of sharia sector insurance companies in Indonesia from 2011 to 2017. From the total population, a method was used purposive sampling to select the samples to be used in this research. Population retrieval taken in that period with consideration due to the limitations of researchers in obtaining data.

The sharia insurance company which was used as the sample of the study were 19 companies consisting of 5 Islamic insurance companies and 14 insurance companies that opened sharia business units.

Research Variables

This study uses 3 types of variables, namely:

1. Independent variables
 - a. Leverage is measured by the debt to equity ratio (DER).
The formula used to calculate the Debt to Equity Ratio is as follows:

$$\text{DER} = \frac{\text{Total Liability}}{\text{Equity}} \times 100\%$$
 - b. Size which is measured by total assets or total assets
 - c. Age which is measured by the length of company standing

- Moderating variable used is the GCG mechanism. The GCG mechanism is measured by the number of boards of directors, and the number of sharia committee.
- Dependent Variable. In this study the dependent variable used is SOC, which is the difference between participants 'contributions into tabarru' funds minus payment of compensation/claims for reinsurance and technical reserve contributions.

Data Analysis Methods

Data processing methods used in this study are panel data which is a combination of data time series and cross section. Panel data can be processed if it has criteria (t> 1) and (n> 1). The model that will be used is through the ordinary least square (OLS) approach after going through data quality testing.

Multiple Linear Regression Analysis And Moderate Regression Analysis

The basic model of multiple regression analysis can be formulated as follows:

$$SOC = a + \beta_1 LEV + \beta_2 SIZE + \beta_3 AGE + \beta_4 DIR + \beta_5 SC + e \dots \dots \dots (1)$$

While the moderation regression analysis uses the following formula:

$$SOC = a + \beta_1 LEV + \beta_2 SIZE + \beta_3 AGE + \beta_4 DIR + \beta_5 SC + \beta_6 (LEV * DIR) + \beta_7 (SIZE * DIR) + \beta_8 (AGE * DIR) + \beta_9 (LEV * SC) + \beta_{10} (SIZE * SC) + \beta_{11} (AGE * SC) + e \dots \dots \dots (2)$$

Where:

- SOC : surplus on the contribution
- LEV : debt to equity ratio (capital structure)
- SIZE : the size of the company
- AGE : company age
- DIR : number of board of directors
- SC : number of sharia committee

RESEARCH RESULTS AND DISCUSSION

The results of the study show that not all data needed can be collected due to researchers' limited access to data. The companies studied according to data requirements were 19 companies consisting of 5 Islamic insurance companies and 14 insurance companies that opened sharia units. The following is a list of companies that were collected in the period 2011 to 2017:

Table 1: Company Data

Company Name	Data Period	Company Status
Al-Amin Syariah	2012-2017	Sharia Insurance
Amanah Jiwa Syariah	2012-2017	Sharia Insurance
JayaProteksi Syariah	2014-2017	Sharia Insurance
General Takaful	2014-2017	Sharia Insurance
Family Takaful	2013-2017	Sharia Insurance
ACA Syariah	2011-2017	Sharia Business Unit
Adira Insurance Syariah	2011-2017	Sharia Business Unit
Allianz Life Syariah	2011-2017	Sharia Business Unit
Askrida Syariah	2012-2017	Sharia Business Unit
Bringin Life Syariah	2011-2017	Sharia Business Unit
Bumida Bumiputera Sy	2011-2017	Sharia Business Unit
Mega Life Syariah	2011-2017	Sharia Business Unit
Manulife Syariah	2011-2017	Sharia Business Unit
Tokiomarine Syariah	2011-2017	Sharia Business Unit
Sinar Mas Syariah	2011-2017	Sharia Business Unit
CARLife Syariah	2011-2017	Sharia Business Unit
Panin Syariah	2011-2017	Sharia Business Unit
Sunlife Syariah	2011-2017	Sharia Business Unit
Astra Life Syariah	2012-2017	Sharia Business Unit

Descriptive Analysis of Data

Table 2: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
SoC	120	-9695.00	107595.00	11882.40	20842.61
LEV	120	,81	443.30	122.61	95.89
SIZE	120	25571.00	2718790.00	318214.33	416037.55
AGE	120	1	24	9.47	4.89
DIR	120	1	8	3.93	1.49
SC	120	1	3	2.41	64

Table 2 shows that each variable has a diversity of data. The amount of data collected is 120 observations from 19 companies studied. Especially for SoC variables, research data shows that Islamic insurance companies have a long range between companies that have large SoC and companies that have very small SoC values. Not all companies even have positive SoC values, but some have negative values. This condition shows that some Islamic insurance companies in Indonesia still perform poorly. This is what reinforces this research that it must be immediately found the cause of the lack of performance of Islamic insurance companies.

Regression Analysis Model 1

Model 1 analyzes the factors that affect the financial performance of Islamic insurance in Indonesia, consisting of leverage, Size, Age, Board of Director and Sharia Committee. Model 1 is the result of regression analysis after the data meets the classical assumption test process. Table 3 is the output of the F test and t-test. The results of the F test analysis show a value of 0.005 so that it is significant at the 5% level and the model is accepted for partial testing.

Table 3: Analysis of Model 1

F	3,517
Sig.	0,005

	B	Std. Error	Beta	T	Sig.
LEV	-,441	,502	-,090	-,879	,381
SIZE	2,139	,547	,441	3,913	,000*
AGE	-,228	,103	-,236	-2,211	,029*
DIR	-,365	,298	-,115	-1,224	,223
SC	,939	,680	,128	1,382	,170

* Sig. at level 5%

** Sig. at level 10%

The regression analysis model 1 shows that of the five independent variables tested, only two significant variables, namely, Size with a significance value of 0,000 and positive coefficients, and Age with a significance value of 0.029 and negative coefficients. While the other variables, namely Lev, Board of Directors and Sharia Committee have a significance value above 0.05 so that the three variables are not significant. Therefore the second hypothesis is accepted, while the first and third hypothesis are rejected.

The conclusion of the analysis above according to model 1 is the size of the company has a positive effect

on financial performance, meaning that the greater the size of the company, the more financial performance increases. A large company is a company that has large assets, so that the greater the assets the company has, the easier it will be to improve its performance. Large companies certainly have high flexibility in using their funds because the assets they have will be able to encourage companies to further develop strategies for developing sharia insurance products to achieve the company's goals of earning profits. This study corroborates the results of previous studies conducted by (Hidayat & Firmansyah, 2017), (Almajali et al., 2012),

(Menicucci & Paolucci, 2016), (Mehari, 2013), and Kemal (2018). It is important that assets are a factor that plays a major role in developing the business of sharia insurance companies.

The second important factor in improving the financial performance of sharia insurance companies is Age. The results of the analysis show that age has a negative effect on financial performance. This means that the longer the company stands, the company will have a declining performance. This finding is very surprising because many previous studies have shown that age is positively related to performance (Almajali et al., 2012; Alomari & Azzam, 2017; Batra, 1999; Burca & Batrîna, 2014; Lumpkin & Dess, 1996) so not in accordance with empirical studies. However, the difference in the results of this study does not mean without reason, this is one of the important findings that business competition in Indonesia is very tight so that long-standing companies can lose to newly established

insurance companies. Some of the predicted factors include product competition, innovation, and technology. Newly established insurance companies are certainly better prepared to compete by offering better products than long-established insurance.

Regression Analysis Model 2

Model 2 aims to test hypotheses regarding the role of the board of director and sharia committee in improving the financial performance of sharia insurance companies in Indonesia. In model 1, the board of directors and sharia committee showed that they did not influence financial performance, so that these two variables could be said to be moderating variables if in model 2 showed significant results.

Table 4 presents the output of analysis model 2 (moderated regression analysis), namely testing the variable board of director and sharia committee in improving financial performance.

Table 4: Analysis Model 2

Variable	B	Std Error	Beta	t	Sig
LEV	-4,141	1,891	-,841	-2,190	,031
SIZE	8,725	1,710	1,800	5,103	,000
AGE	-,816	,317	-,845	-2,575	,011
DIR	10,618	4,440	3,357	2,391	,019
SC	15,199	9,385	2,065	1,619	,108
LEV_DIR	,586	,283	,642	2,070	,041*
SIZE_DIR	-,926	,386	-3,978	-2,396	,018*
AGE_DIR	-,040	,083	-,187	-,478	,634
LEV_SC	,860	,892	,445	,965	,337
SIZE_SC	-1,576	,833	-2,633	-1,892	,061**
AGE_SC	,344	,146	,853	2,348	,021*

* Sig. at level 5%

** Sig. at level 10%

From table 4 it can be seen that the significance value of the variable is LEV_DIR 0.041 (less than 0.05) so that it is significant at the 5% level. Because in model 1 the DIR variable is not significant while in model 2 it is significant, it is concluded that the board of directors moderates the relationship between LEV and SOC. Positive coefficients indicate that the effect produced is reinforcing. Therefore the board of directors strengthens the relationship between LEV and financial performance so that the fourth hypothesis is accepted. The LEV coefficient in model 1 is negative so that the smaller the financial leverage ratio will improve financial performance and this is also reinforced by the existence of the board of directors in the company. The director

certainly knows that the more debt burden the company has will increase the risk of default so that the board of directors will try to reduce the LEV ratio so that the company's performance can be improved.

The next variable significance value SIZE_DIR is 0.018 (less than 0.05) with a negative coefficient, then it is significant at the 5% level so that the board of directors moderates the relationship between Size and financial performance. Negative coefficient means that the board of directors weakens the relationship between the two variables so that the fifth hypothesis is accepted. Therefore the results of the analysis on model 1 which shows the size has a positive effect on financial performance, it turns out that the relationship between

the two is weakened by the board of directors. The more directors, the more interests and differences of opinion among directors, so that it will disrupt the operational conduciveness of the company and have an impact on declining performance. The company should minimize the number of board of directors according to their needs because it will have an impact on the salary costs incurred by the company, the more the cost of eating salaries decreases financial performance if the number of board directors does not make a large contribution to the company.

The next analysis is the SIZE_SC variable has a significance value of 0.061 (significant at the level of 10%) with a negative coefficient. This shows that the sharia committee moderated the relationship between SIZE and SOC and was weakening, so the eighth hypothesis was accepted. The existence of sharia committees certainly aims to oversee the operations of the company so that it is in accordance with Islamic law, especially on the products of the company offered. Companies usually have a target to increase sales every period, in the course of their business the company can simply ignore sharia compliance in order to obtain large revenues. Large companies will have more power to increase sales of their products so that they are more flexible to expand, but the existence of sharia committees will certainly oversee so that the company does not carry out its business beyond the limits of Islamic compliance. Therefore the sharia committee will weaken the relationship between the size of the company and improving the company's financial performance.

The next variable is AGE_SC with a significance value of 0.021 with a positive coefficient that is significant at the 5% level. Therefore the sharia committee moderated the relationship between age and the financial performance of sharia insurance companies so that the eighth hypothesis was accepted. The Sharia committee believes that companies that are old will have a lot of experience in improving financial performance with various strategies that have been carried out while running a business. Therefore the sharia committee will exercise more rigorous supervision of the company that stands for a long time, but the results can have an adverse effect on improving performance because from a business standpoint it causes the company's operations to be less developed. It is evident that the older the company, the lower the financial performance (see model 1), this can be caused by factors in the existence of sharia committees that strengthen the relationship.

The AGE_DIR and LEV_SC variables have a significant value above 5% so it is not significant. Therefore the board of directors does not moderate the relationship between age and financial performance, so the sixth hypothesis is rejected. Likewise, the sharia committee does not moderate the relationship between LEV and financial performance so that the seventh hypothesis is rejected.

CONCLUSION

The findings in this study are renewed in the type of Islamic insurance business in Indonesia because the results of the study examine the existence of a board of directors and sharia committees as moderating variables in improving financial performance. The results of the study concluded that the board of directors strengthened the relationship between leverage and financial performance and weakened the relationship between size and financial performance. While sharia committee weakens the relationship between size and financial performance and strengthens the relationship between age and financial performance.

The existence of the board of directors and sharia committee should be able to accelerate the achievement of company performance, especially for large companies. But statistically shows that its existence actually inhibits performance improvement. This is certainly not a dangerous thing for business because Islamic insurance must carry out the principle of sharia compliance, so the company's operations must always be carried out with certain limits so as not to get out of Islamic sharia. This is the function of good governance that running a business must be in accordance with established rules so that through the role of the board of directors and sharia committee it will minimize the interest between the two parties, namely between management and principal in accordance with agency theory.

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