

ABSTRACT

Islamic Business Ethics In Mudharaba Financing at Sharia Banks in East Java

This study examines the effect of competency of sharia account officer and Islamic business ethics toward information asymmetry, risk of mudharaba financing and performance of mudharaba financing. The study is based on agency theory, positive accounting theory, theory of sharia enterprise, Islamic accounting theory and theory of competence.

These studies included in this type of survey research used for the purposes of clarification or confirmation, or also known as hypothesis testing research, which is intended to explain the influence between variable or causal relationship between variables by testing the hypothesis. The population of this study are all branches of sharia banks and sharia business unit which operate mudharaba financing in East Java, which amounts to 19 bank branches of sharia (sharia business units) with 35 respondents. Methods of data analysis in this study is Structural Equation Modeling using Partial Least Square (PLS) with the aid of computer programs SmartPLS package.

The study results showed that the competency of sharia account officer is significant influence to risk of mudharaba financing and performance of mudharaba financing. Islamic business ethics significantly affect on information asymmetry and does not significantly affect to the performance of mudharaba financing. Information asymmetry has a significant effect on the risk of mudharaba financing and the performance of mudharaba financing. Risk of mudharaba financing is not significant influence on performance of mudharaba financing. The study concluded that products of mudharaba financing at sharia banks in East Java have a lot of obstacles making it difficult executed perfectly(kaffah).

This study supports the agency theory, positive accounting theory, competency theory, sharia accounting theory and sharia enterprise theory which explains problems in achievement of the performance of mudharaba financing. The study suggests that problems in achievement of the performance of mudharaba financing should be explained with sharia agency theory in accordance with the Quran as-Shaad verse 24 and the hadith narrated by Bukhari number 2079.

Key words: competency of sharia account officer, Islamic business ethics, mudharaba financing, information asymmetry, risk, performance, kaffah

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