Analysis The Impact of Management Control, Leadership Style and Accounting Information System on Performance
(Bank BNI Syariah and BRI Syariah)

Submitted as Partial Fulfillment of the Requirement For Getting Master Graduate on Accounting Program Magister of Accounting

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TESIS BERJUDUL

ANALISIS THE IMPACT OF MANAGEMENT CONTROL, LEADERSHIP STYLE AND ACCOUNTING INFORMATION SYSTEM ON PERFORMANCE (BANK BNI SYARIAH AND BRI SYARIAH)

Yang dipersiapkan dan disusun oleh NORI A M SHALLOF

telah dipertuahkan di depan Dewan Penguji pada tanggal 28 Oktober 2017

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CHAPTER I: INTRODUCTION

This chapter is the introduction of this research. This chapter includes background of research, questions and objectives of research. There is also an explanation of aiming of this research and outline of research.

1.1 Background of Research

The purpose of banking is to provide a stable platform on which to perform financial transactions. Banking stimulates the growth of business by generating confidence and predictability in a currency, and that growth in turn increases the demand for banking services. BNI Syariah Banks provide payment services, such as checking and credit card accounts, for customers. They earn money by lending customer deposits in various ways, including installment loans, such as mortgages and lines of credit. Investment banks enable business expansion by providing the liquidity that companies need to start or grow. Banks provide financial products and services to their clients in exchange for earning interest and fees. Banking executives must possess knowledge of complex monetary instruments in order to make sound decisions based on capital adequacy, asset management and interest rate risks. A strong management control, leadership style and IAS can help a bank thrive while offering a variety of financial services.

The term “management control” means the use of a number of techniques in organizations to observe and evaluate employee performance against certain management targets. Therefore, conventional management control systems focus on getting better operational efficiency. But as operational efficiency is no longer adequate to create sustainable competitive advantages, management control systems must be expanded to managerial practices that cultivate employee cooperation and creativeness in the discovery and development of new business opportunities. This is especially the case in the high-tech industries that are at the faced with the challenges of globalisation and employee teams must combine efficient communication with creativity. “Project managers and product designers in software and other industries thus need to find ways to divide up products and
tasks so that even teams of many of clever people can work and communicate efficiently as well as creatively” (Cusumano, 2007).

1.2 Questions of Research

Based on the variables of this research, the questions of this research are as following:

1. What is the impact of management control on BNI Syariah Bank Indonesia and BRI Syariah performance?
2. What is the leadership style impact BNI Syariah Bank Indonesia and BRI Syariah’s performance?
3. What is the impact of accounting information system on BNI Syariah Bank Indonesia and BRI Syariah performance?
4. What are the similarities and differences of management control, leadership style and AIS in BNI Syariah Bank Indonesia and BRI Syariah?

These are the main questions included in these research and during this research a clear answer about BNI Syariah Bank Indonesia and BRI Syariah performance will be included and discussed.

1.3 Objectives of Research

Management control, leadership style and accounting information system maybe the main factors that can effect performance in any bank or organization. The importance of this research depend on this fact. Here we have the main objective of this research as following:

1. Describing the impact of management control on BNI Syariah Bank Indonesia and BRI Syariah performance.
2. Describing the impact of leadership style on BNI Syariah Bank Indonesia and BRI Syariah performance.
3. Describing the impact of accounting information system of BNI Syariah Bank Indonesia and BRI Syariah on its performance.
4. Determining the similarities and differences of management control, leadership style and AIS in BNI Syariah Bank Indonesia and BRI Syariah.
1.4 Aim of Research

This research included three important factors of human resource and information technology aspects. Management control became very important issue for human resources and leadership as well. Accounting information system is the main skeleton for banking and accounting. This research gives us comprehensive understanding of the situation of management control, leadership style, accounting information system and performance in BNI Syariah Bank Indonesia and BRI Syariah in Indonesia. This research also describes the relationship between all variables with each other and their effect on performance in BNI Syariah Bank Indonesia and BRI Syariah.

This research gives us an illustration and description of Indonesian BNI Syariah Bank and BRI Syariah performance, management control, leadership styles and accounting information system beside the impact of these factors in the performance of bank and BRI Syariah. This research describes different style of banking and information system used in Indonesia and introduce ideas about banking and money transaction in the country.

1.5 Outline of Chapters

This research includes five chapters. The chapters will be designed as following:

Chapter I: outlines background of this study and determines the benefits of this research. This chapter also includes the questions and objectives of study as well. There are explanations about the importance of study and benefits that will be resulted of this study and desired output and outcomes.

Chapter II: reviews the theoretical and previous study management control, leadership style, accounting information system and performance. This chapter includes four parts according to the nature of study which are historical review, theories of variables, theoretical studies about every variable, pervious study connected with four variables and in the end of this chapter includes the conceptual framework and hypothesis of the study.
Chapter III: this chapter is methodology of research. It includes type of research, sample and population who participated in this study. It also includes data analysis techniques which are descriptive statistic by using SPSS and Excel and descriptive analysis in four different parts.

Chapter IV: includes the findings of study which are four parts. First part explains impact of management control on BNI Syariah Bank performance of Indonesia and BRI Syariah. Second part explains impact of leadership style on BNI Syariah Bank Indonesia and BRI Syariah. Third part includes how accounting information system affecting performance of BNI Syariah Bank Indonesia and BRI Syariah. Forth part discusses the similarities and differences between both banks. All these four parts will be discussed one by one as well.

Chapter V: this is the last chapter of this study. It includes the conclusion, recommendations and limitations of doing this research.

References and Appendixes
CHAPTER II: LITERATURE REVIEW

This chapter includes theoretical review of research and previous studies in addition to bank performance dynamic and framework of this research. Hypothesis and linear equation for both BNI Syariah Bank Indonesia and BRI Syariah Indonesia were discussed at the end of this chapter.

2.1 Theoretical Review

2.1.1 Management Control

Management control was defined by Anthony (2005) as “the process by which managers ensure that resources are obtained and used effectively and efficiently in the accomplishment of the organization’s objectives.” This definition limited subsequent researchers not only to envisage MCS as encompassing the largely accounting-based controls of planning, monitoring of activities, measuring performance and integrative mechanisms, it also served to artificially separate management control from strategic control and operational control. MCS have also been described as processes for influencing behavior (Flamholtz et al., 2005). MCS provide a means for gaining cooperation among collectives of individuals or organizational units who may share only partially congruent objectives, and channeling those efforts toward a specified set of organizational goals (Ouchi, 2009; Flamholtz, 2003).

Controls have been categorized in many ways. For example, formal and informal controls (Anthony et al., 2009) output and behavior controls (Ouchi, 2007) market, bureaucracy and clan controls (Ouchi, 2009) administrative and social controls (Hopwood, 2006) and results, action and personnel controls (Merchant, 1985a). A brief discussion of these classifications will illustrate the breadth of controls used in research.

Formal controls include rules, standard operating procedures and budgeting systems. These are the more visible, objective components of the control system, and thus, the easiest to research. Empirical research that studies MCS and strategy has focused primarily on formal controls. These include output or results controls which are of a feedback nature, and often financially oriented. They include
controls that aim to ensure that specific outcomes will be achieved and involve monitoring, measuring and taking corrective actions. Controls that focus on feedforward control (ex-ante controls) include administrative controls (standard operating procedures and rules), personnel controls (human resource management policies) and behavior controls (the ongoing monitoring of activities and decisions).

Informal controls are not consciously designed. They include the unwritten policies of the organization and often derive from, or are an artefact of the organizational culture. Ouchi (2009) described clan controls that derive from the shared values and norms, or the culture of the organization. Usually clan controls are informal, rather than formal controls. However, some formal controls also derive from the organizational culture. For example, the formal organizational mission or objectives may reflect the values and beliefs of the dominant culture. Informal controls are important aspects of MCS and the effectiveness of formal controls may be dependent on the nature of the informal controls that are also in place (Otley, 2010; Flamholtz, 2003).

While these conventional definitions of MCS may have been adequate in the past, it has been argued that they need to be reviewed to accommodate the changed business conditions of the 2000s (Otley, 2004). For example, the role of MCS in the formation and implementation of strategy is becoming of greater interest in both academic and professional management journals, so our understandings of MCS may need to be broadened to encompass these areas. More recently, Goold and Quinn (2010) described strategic controls, which are concerned with formulating competitive benchmarks and using non-financial performance measures to develop short-term performance indicators that are explicitly linked to achievement of long-term strategic goals. The emphasis on senior management that has dominated MCS research is becoming less relevant with an increasing interest in employee empowerment (Otley, 2004; Simons, 2005). Many believe that it is becoming more common for lower level employees to be actively involved, not only in the day-to-day processes that were once the domain of middle and senior managers, but in activities that are of strategic
significance. Thus, the artificial boundaries between operational, managerial and strategic control, as initially described by Anthony (2005) may no longer hold.

In the light of these concerns it is apparent that the orientation towards accounting controls and accounting information, which has dominated much of the MCS research, is not sufficiently broad to capture more modern approaches to effective control (Emmanuel et al., 2010, p. 36). The dynamic nature of MCS and its potential role in strategic change is an area of increasing interest (Simons, 1990; Dent, 2010).

2.1.1.1 Theories of Management Control

Management control is a fundamental issue in a variety of contexts, from both a socio-political and corporate governance perspectives, as well as from a managerial point of view, within firms and departments. At a very general level, management control refers to a coalition of agents that implements a set of coordinated and cooperative actions in order to perform individual objectives by means of the organizational objectives (Cyert and March 2003).

a. Principal-Agent Theory

The separation between ownership and control taking place in modern capitalist organizations leads to a conflict of interest and the rejection of the complete information of the neoclassical view (Hart 2009). Indeed, the ownership group of the firm has some interest in maximizing profit, or other value-related objective functions; on the other hand, the controlling group of the firm, i.e. managers, looks to maximize their own value function, in terms of both salary and monetary-related rewards. These conflicting interests induce the ownership, i.e. the principal, to control how managers run their business and to strive to maximize the ownership’s function. Although organizational control mechanisms with regard to managerial activities discourages managers to display free riding behaviors, ownership cannot know exactly what activities managers carry on in their everyday operations and which profit related information is available to them. An information asymmetry arises, and the ownership cannot compel management to pursue its objective by simply stating the objective function. One
solution is related to the design of an effective incentive scheme in order to align managers’ and ownership’s objectives. Nevertheless, an optimal incentive scheme is not entirely able to avoid the preference of managers for achieving their own goals instead of those of the owners (Holmstrom 2009).

b. General System Theory (GST) Approach

General systems theory approach studies organizations as systems of interrelated parts, each of which is specialized in order to achieve the systemic goals (von Bertalanffy, 2008). Starting from the work of Norbert Wiener (1948), which describes the cybernetic functioning of systems and the general laws and principles under which they operate, the GST has been applied to the analysis and diagnosis of organizations (Beer 2009).

Following a systems-based approach to organizational analysis, Hawthorne’s studies advanced the knowledge on methodological studies in organizations, since they deemed the environment as a fundamental variable in organizational analysis. Elton Mayo described the Hawthorne effect on worker satisfaction according to the results of the experiments that took place at the Western Electric Company in his work, the human problems of an industrial civilization (1933). Hawthorne’s studies widened the concept of organizational control to encompass environmental issues too. Organizational control is therefore related to adjustments to a deviated organization’s equilibrium; deviations from the equilibrium are caused by environmental disturbances. By including environmental issues in his analysis, Hawthorne anticipated the contingency approach to organizational analysis and control.

c. Contingency Theory

Amitai Etzioni argued that social systems cannot be run as a cybernetic system, since individuals “cannot be coerced to follow “signals” unless these are responsive, at least to a significant extent, to their values and interests” (Etzioni 2009). They should, instead, be thought of as the outcome of a societal process; i.e., a theory that identifies the factors enabling (limiting) the guiding capacity grounded in the Keynesian theory. Furthermore, he posited that in more stable environments the cybernetic approach to decision-making is feasible, but that
when some environmental turmoil arises the adaptation of cybernetic systems is not such an easy task.

Some of the leading scholars in this field are Burns and Stalker, Woodward, Chandler, Lawrence and Lorsch, Perrow and Thompson. Their works attempt to identify how environmental characteristics affect organizational performance. Burns and Stalker (2011) found that a good fit between the internal management practices and the rate of change in scientific techniques and markets enhances organizational effectiveness.15 Woodwards investigated the use of management practices contingent upon a technical variable, i.e. the predictability of results and the degree of control over the production process (Woodward 2008). His research findings showed that successful firms were associated with management practices that better matched the nature of the various techniques of production and the environmental conditions.

According to the contingency perspective, organizational control is related to the identification of a suitable match between organizational characteristics and environmental features. As Woodward clearly argued: “there can be no one best way of organizing a business” (Woodward 2008); therefore, organizational control should be tailored to effectively achieve the fit previously stated.

d. Behavioral Theory of Management Control

Behavioural approaches try to develop a theory “that takes (1) the firm as its basic unit, (2) the prediction of firm behavior with respect to such decisions as price, output, and resource allocation as its objective, and (3) an explicit emphasis on the actual process of organizational decision making as its basic research commitment” (Cyert and March 2013: 19).

A first attempt to introduce a behavioural theory of the firm comes from Herbert Simon’s work Administrative Behavior (2007). This masterpiece is related to a fundamental administrative problem, i.e., decision-making within organizations or, in other words, “the process of choice which leads to action” (p. 1). Simon’s work stems from the Weberian administrative approach, as he argued that behavior involves the conscious or unconscious selection of a set of rational actions from all the available ones. Also, he questioned previous
administrative studies by criticising some of the fundamental administrative principles, such as specialization and optimization. Simon argued that specialization has to do with the trade-off between the decentralization and centralization of decision-making, a problem that cannot be solved with a one-size-fits-all solution since both (decentralization and centralization) show strengths and weaknesses. For what concerns optimization, Simon pointed out that decision-makers usually make decisions according to a single principle, while they should instead take into account “all the relevant diagnostic criteria” and assign them a weight (p. 38).

Even though this approach seems to be straightforward, it should be noted that decision-makers have to deal with “limits” to their ability to enumerate all the possible criteria and to assign them an effective weight in order to achieve pre-set objectives. This limited rationality relates to both decision-makers’ “ability to perform” outputs and the “ability to make correct decisions” (p. 39).39 Thus, objective rationality requires three main characteristics: “a complete knowledge and anticipation of the consequences that will follow on each choice”; “imagination supply the lack of experienced feeling”, i.e., a supply of the lack of the experience related to a future consequence by means of imagination; and “a choice among all possible alternative behaviors” (p. 81). Nevertheless, none of these three requirements can be achieved since, first of all, decision-makers have to deal with “incompleteness of knowledge”: i.e., an individual can take into account only a part of the variables that actually play a role in a given situation, since decision-making is a time consuming activity and should be limited to a reasonable extent. Secondly, the supply of experience related to future consequences falls short since it is value-based and values “can be only imperfectly anticipated” (p. 81). Finally, decision-makers can analyse only one set out of all possible alternative behaviours, since they cannot devote attention to all of them, although a lot of stimuli call for their attention. March and Simons put forward that rationality can only be assumed “relative to a frame of reference” (March and Simon 1958: 138); in fact, there are a number of “boundaries to rationality” (p. 171) that limit the general assumption of rationality.
2.1.1.2 From Organizational Control Theories to Management Control Approaches

As stated by different scholars, control is the “central idea” of scientific management (Copley 1923: 358; Giglioni and Bedeian 2004: 292; Person 1929: 10–11). Stemming from Frederick Taylor’s work, The Principles of Scientific Management (1911), where control was targeted to finding “the one best way” to do a job, which should be performed by the “one best man”, the concept of control in management literature has experienced the “serious shortcoming of having different meanings in different contexts” (Jerome 2000: 42). In fact, Rathe found fiftyseven different definitions of control in management literature (Rathe 2010: 32). Similarly, Geert Hofstede insisted that control is definitely not synonymous with its original meaning in French: inspection. In several European languages, as in the writer’s mother tongue, Dutch, the same word exists, but it has kept the original French meaning (Hofstede 2008: 9).

In their review, Giglioni and Bedeian identified some “pioneer writers” (Giglioni and Bedeian 2004: 294) in management control. They asserted that starting from Emerson’s work (2012), The Twelve Principles of Efficiency, some operational control techniques has been introduced in management. Not much later, Church (2014) and Fayol (2009) addressed control as one of the main functions of management.

Even though management control is still being viewed as a centralized function, during the 2003s management control scholars widened its meaning, with Lichtner linking it to planning. Lichtner defined “planned control” as follows. The relationship between planning and control has been confirmed in more recent works. Robert Anthony argued that management accounting is the ““use of accounting information by management for purposes such as planning and control” (Anthony 1965), while Robert Kaplan stated that “[t]he firm’s cost or managerial accounting system is supposed to provide information useful for managers’ planning and control decisions” (Kaplan 2013: 688).
One of the first attempts to identify different dimensions of control is accredited to Robinson, who posited that control is related to forecasting results, i.e. “what [the business] can be expected to do in the future”; recording results, i.e. “providing the manager and the executives of an organization with continuous, prompt and accurate information concerning the efficiency of operation”; and to the assignment of responsibility to people for expected results (Robinson 2005: 147). On the relationship between planning and control, Cornell stressed that “planning is of little value unless there is subsequent control to make certain that the plans are carried out” (Cornell 2010: 212).

An early philosophy of the concept of management control is provided by Davis, who asserted that control is “the instruction and guidance of the organization and the direction and regulation of its activities” (Davis 2008: 82).

During the 40s, with the decentralization to different organizational levels, studies on management control focused on several functional viewpoints (Giglioni and Bedeian 2004), such as business, operations, profit and loss, and finance (Rose and Farr 2007). In fact, an organizational hierarchic control is not limited to a single level, e.g. top management. Control in various ways and to various degrees can be located at all organizational levels. As Tannenbaum clearly pointed out, control in this sense is partly synonymous to the concepts of power, authority and influence (Mechanic 2012; Tannenbaum 2012). Furthermore, Dent analyses the budgetary control (Dent 2014), while Trundle’s approach is related to the implementation of control within manufacturing, sales accounting and industrial relations (Trundle 2011, 2008).

Starting from the 50s, management control has been included in undergraduate programmes and taught in management schools, as some evidence, such as the spread of textbooks published in this period, shows (Davis 2011; Fayol 2009; Giglioni and Bedeian 2014; Koontz 2009). Starting from the publication of Robert Anthony’s 1965 work Planning and Control Systems a conceptual framework has to some extent been shared by management control scholars (Holzer and Norreklit 2011). He focused on both the management control system and process53 and
put forward his “proposed framework” (Anthony 2005: 15) of planning and control systems as sets of three different processes, namely strategic planning and control, management control and task control. He pointed to strategic management as the process of deciding on objectives of the organization, on changes in these objectives, on the resources used to attain these objectives, and on the policies that are to govern the acquisition, use, and disposition of these resources (p. 16).

2.1.1.1 From Management Control Systems to Performance Management System

Starting in the 70s a stark change in management philosophy affected management control discipline as well (Holzer and Norreklit 2011). The increase in internationalization practices called for more efficiency in production processes. As a result, managerial programmes, such as Just-in-Time and Total Quality Production, brought more emphasis on management control systems, resulting in the introduction of new cost management techniques and pressure on performance measurement areas.

2.1.1.2 Components of Management Control

Control Environment – is the set of standards, processes, and structures that provide the basis for carrying out management control across the organization. The board of directors and senior management establish the tone at the top regarding the importance of management control and expected standards of conduct.

Risk Assessment – involves a dynamic and iterative process for identifying and analyzing risks to achieving the entity’s objectives, forming a basis for determining how risks should be managed. Management considers possible changes in the external environment and within its own business model that may impede its ability to achieve objectives.

Control Activities – are the actions established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out. Control activities are performed at all levels of the
entity and at various stages within business processes, and over the technology environment.

Information and Communication – are necessary for the entity to carry out management control responsibilities in support of achievement of its objectives. Communication occurs both internally and externally and provides the organization with the information needed to carry out day-to-day internal control activities. Communication enables personnel to understand internal control responsibilities and their importance to the achievement of objectives.

Monitoring – are ongoing evaluations, separate evaluations, or some combination of the two used to ascertain whether each of the five components of management control, including controls to effect the principles within each component, are present and functioning. Findings are evaluated and deficiencies are communicated in a timely manner, with serious matters reported to senior management and to the board of directors

2.1.2 Leadership Style

A leadership style is a leader's style of providing direction, implementing plans, and motivating people. It is the result of the philosophy, personality, and experience of the leader. Rhetoric specialists have also developed models for understanding leadership (Robert Harriman, Political Style, and Philippe-Joseph Salazar).

Different situations call for different leadership styles. In an emergency when there is little time to converge on an agreement and where a designated authority has significantly more experience or expertise than the rest of the team, an autocratic leadership style may be most effective; however, in a highly motivated and aligned team with a homogeneous level of expertise, a more democratic or laissez-faire style may be more effective. The style adopted should be the one that most effectively achieves the objectives of the group while balancing the interests of its individual members.

2.1.2.1 Styles of Leadership

According to Martindale, N (2011) "Leadership Styles: he mentioned some kinds of leadership styles as following:
a. Autocratic or authoritarian
Under the autocratic leadership style, all decision-making powers are centralized in the leader, as with dictators. Leaders do not entertain any suggestions or initiatives from subordinates. The autocratic management has been successful as it provides strong motivation to the manager. It permits quick decision-making, as only one person decides for the whole group and keeps each decision to him/herself until he/she feels it needs to be shared with the rest of the group.

b. Participative or democratic
The democratic leadership style consists of the leader sharing the decision-making abilities with group members by promoting the interests of the group members and by practicing social equality. This has also been called shared leadership.

c. Laissez-faire or free-rein
A person may be in a leadership position without providing leadership, leaving the group to fend for itself. Subordinates are given a free hand in deciding their own policies and methods. The subordinates are motivated to be creative and innovative.

d. Narcissistic style
Narcissistic leadership is a leadership style in which the leader is only interested in him/her. Their priority is themselves - at the expense of their people/group members. This leader exhibits the characteristics of a narcissist: arrogance, dominance and hostility. It is a common leadership style. The narcissism may range from anywhere between healthy and destructive. To critics, "narcissistic leadership (preferably destructive) is driven by unyielding arrogance, self-absorption,and a personal egotistic need for power and admiration.

e. Toxic style
A toxic leader is someone who has responsibility over a group of people or an organization, and who abuses the leader–follower relationship by leaving the group or organization in a worse-off condition than when he/she joined it.

f. Task-oriented and relationship-oriented
Task-oriented leadership is a style in which the leader is focused on the tasks that need to be performed in order to meet a certain production goal. Task-oriented
leaders are generally more concerned with producing a step-by-step solution for given problem or goal, strictly making sure these deadlines are met, results and reaching target outcomes. Relationship-oriented leadership is a contrasting style in which the leader is more focused on the relationships amongst the group and is generally more concerned with the overall well-being and satisfaction of group members. Relationship-oriented leaders emphasize communication within the group, show trust and confidence in group members, and shows appreciation for work done.

Task-oriented leaders are typically less concerned with the idea of catering to group members, and more concerned with acquiring a certain solution to meet a production goal. For this reason, they typically are able to make sure that deadlines are met, yet their group members’ well-being may suffer. Relationship-oriented leaders are focused on developing the team and the relationships in it. The positives to having this kind of environment are that team members are more motivated and have support; however, the emphasis on relations as opposed to getting a job done might make productivity suffer.

g. Sex difference style

Another factor that can be relative with leadership style is whether the person is male or female. When men and women come together in groups, they tend to adopt different leadership styles. Men generally assume an argentic leadership style. They are task-oriented, active, decision focused, independent and goal oriented. Women, on the other hand, are generally more communal when they assume a leadership position; they strive to be helpful towards others, warm in relation to others, understanding, and mindful of others' feelings. In general, when women are asked to describe themselves to others in newly formed groups, they emphasize their open, fair, responsible, and pleasant communal qualities. They give advice, offer assurances, and manage conflicts in an attempt to maintain positive relationships among group members. Women connect more positively to group members by smiling, maintaining eye contact and respond tactfully to others’ comments. Men, conversely, describe themselves as influential, powerful and proficient at the task that needs to be done. They tend to place more focus on
initiating structure within the group, setting standards and objectives, identifying roles, defining responsibilities and standard operating procedures, proposing solutions to problems, monitoring compliance with procedures, and finally, emphasizing the need for productivity and efficiency in the work that needs to be done. As leaders, men are primarily task-oriented, but women tend to be both task- and relationship-oriented. However, it is important to note that these sex differences are only tendencies, and do not manifest themselves within men and women across all groups and situations.

2.1.2.2 Transformational and Transactional Leadership Behavior

According to Burns (1978), the leadership process can occur in one of two ways, either transformational or transactional. The transformational leadership concept was originally proposed by Burns (1978) and House (1977), and then expanded by Bass (1985 & 1990). Transformational leadership is defined in terms of the leader's effect on followers: they feel trust, admiration, loyalty, and respect toward the leader, and they are motivated to do more than they originally expected to do. (Yukl, 1997) The characteristics of transformational leadership are:

Charisma: Charismatic leaders provide vision and a sense of mission, instill pride, and gain respect and trust. (Bass, 1990)

Idealized Influence: leaders behave as role models for their followers; they become admired, respected, and trusted. The leader's behavior is consistent rather than arbitrary, and the leader shares in any risks taken. The leader demonstrates high standards of ethical and moral conduct and avoids using power for personal gain. (Bass & Avolio, 1994)

Inspiration Motivation: Transformational leaders are inspiring and motivating in the eyes of their subordinates by providing meaning and challenge to their followers' work. They are able to energize employees' responses. (Yammarino, Spangler, & Bass, 1993; Bass & Avolio, 1994) They communicate high expectations, use symbols to focus efforts, and express important purposes in simple ways. (Bass, 1990).

Intellectual Stimulation: An intellectually stimulating leader arouses in subordinates an awareness of problems, recognition of their own beliefs and
values, and an awareness of their own thoughts and imagination. (Yammarino, Spangler, & Bass, 1993) They promote intelligence, rationality, and careful problem solving. (Bass, 1990) The result is that followers are encouraged to try new approaches; their ideas are not criticized when they differ from the leader's ideas. (Bass & Avolio, 1994).

Individualized Consideration: The leader with individualized consideration will give personal attention, treat each employee individually, and coach and advise him or her. (Bass, 1990) Such leaders provide continuous follow-up and feedback, and, perhaps more importantly, link an individual's current needs to the organization's mission, and elevate those needs when it is appropriate to do so. (Bass, 1985, 1990; Bass & Avolio, 1989)

According to Bass (1985; 1990), transactional leadership is characterized by two factors of contingent reward, management-by-exception, and laissez-faire. Transactional leadership motivates followers by appealing to their self-interest, whether it be subsidies, lucrative government contracts, campaign contributions, bonuses, or status. However, Howell and Avolio (1993) suggest both leader and follower reach an agreement concerning what the follower will receive for achieving the negotiated level of performance. Bass summarizes several different types of behavior inherent in transactional leadership (Bass, 1990, 1985; Yammarino, Spangler, & Bass, 1993):

Contingent Reward: These rewards are for good effort, good performance, and to recognize accomplishments.
Management by Exception (active): This behavior involves monitoring subordinates and correcting action, when necessary, to ensure that the work is carried out effectively. In other words, leaders watch and search for deviations from rules and standards.
Management by Exception (passive): This involves intervening only if standards are not met. The leader uses contingent punishments and other corrective action to respond to obvious deviations from acceptable performance standards.
Laissez-Faire: This behavior entails avoiding decision-making and abdicating responsibilities.
2.1.2.3 Leaders versus Administrators and Managers

Leadership is not the same thing as being in a position of authority. It is possible to be a boss in a company without being a leader. A boss can be more of an administrator than a leader. Conversely, an administrator can be effective in his job without being a leader. The administrator is a bureaucrat—whether in government or in business—a person who keeps careful records and sees that things are done according to the rules.

On the other hand, a leader can be effective without being an administrator—leaving rules, regulations, and their enforcement to others. Administration is not as exciting a topic as leadership, but it is almost as important. The success of organizations depends to a great degree on how well they are administered. A manager is often thought to be primarily an administrator. But a manager is not an administrator; management requires a special set of skills of its own. And being a manager is different from being a leader, as we shall see below. So there are three roles: administrator, manager, and leader.

A manager has the broadest role, and a good manager has much of an administrator and a leader in him or her. A manager needs to set direction and inspire others to get work done (leadership functions) and he or she needs to keep records and see that rules are followed (administrative functions). The manager is a necessary combination of leader and administrator.

a. Administrators

What does an administrator do? An administrator applies rules and regulations generally developed by top executives of an organization. (In the government, the key rules and regulations are often issued by legislative authorities like the U.S. Congress). He or she keeps records and fills out forms necessary to take administrative steps (like getting employees paid or reimbursing an employee for travel expenses). The elements of administration are:

• Making rules and regulations
• Making decisions that apply and interpret rules and regulations
• Keeping records
• Filling out forms.
b. Managers

What does a manager do? He or she makes plans and creates budgets that set forth in great detail how something will be accomplished and how much money and other resources (e.g., people, office space) are necessary to accomplish those plans and budgets. He decides who is going to be assigned to the necessary tasks and how they will fit into the organization. She supervises the actions people take, ensuring that they are doing the right things that no money is being misappropriated or wasted (we call this “controlling”), and when problems arise she helps to resolve them. Finally, by combining these tasks into a coherent whole, the manager makes the organization operate efficiently.

Running an organization effectively requires administration, management, and leadership. Leadership is ordinarily in shorter supply than administrative or managerial competence. Leadership is more important and more demanding for most people. Fewer people are able or willing to be leaders, so it tends to be a higher calling than administration or management.

There is a large literature discussing the differences between leaders and managers. There is also an important distinction to make between leaders and administrators. In general, a leader takes a broader view and points an organization toward necessary, even critical, change.

The core of the criticism in the literature is that organizations of all sorts (corporations, government agencies, and not-for-profit organizations) tend to be over-managed (and/or over-administrated) and under-led. Because of over-management and over-administration, organizations are slow to make necessary changes and achieve less than what they could. This is a substantial criticism that points to the importance of leadership. The elements of management are:

• Planning and budgeting
• Setting direction
• Organizing and staffing
• Aligning the efforts of many people
• Controlling
• Decision-making and problem solving
• Motivating and inspiring people.

2.1.2.4 The Nature of Leadership

True leadership is special, subtle, and complex. Too often we confuse things like personal style and a position of authority with leadership. Leadership is not primarily a particular personality trait. A trait closely linked to leadership is charisma, but many people who have charisma (for example, movie actors and sports figures) are not leaders. Leadership is not primarily a set of important objectives. It involves getting things done.

Leadership is not primarily a formal position. There have been great leaders who did not hold high positions—for example, Martin Luther King, Jr. and Jeanne d’Arc—and there are people who hold high positions who are not leaders at all, but administrators who don’t want to rock the boat. Leadership is not primarily a set of behaviors. Many leadership manuals suggest that what define leadership is things such as delegating and providing inspiration and vision; but people who are not leaders can do these things, and some effective leaders don’t do them all.

2.1.3 Accounting Information System

As a result of the important and spectacular development of informatics and information technology, wide-spread automatization can be observed relating to accounting work processing. This is proved by the appearance and spread of the different user software. Nowadays accounting software packages have a quite wide market – there are numerous software programs supporting book-keeping, reporting, recording economic events or processing – and in many cases they support the activity of the bank as an organic part of a complex, up to-date, integrated information system.

Accounting, as a closed-system recording (which is the collection of procedures, methods, techniques, legal regulations, rules and experts), includes the identification, tracking, measuring, recording, processing, storing, systemizing, valuing, controlling and publishing of the phenomena influencing the property, financial and profit status of the bank, ensuring the conditions of
continuous, undisturbed activity. In this regulated, closed system the accounting information system records the economic events influencing the bank, then processes them – according to the demands – and conveys them to the persons or units responsible for decisions. In addition, the system greatly contributes to preparing different reports, financial statements, working out an expense management system and compiling controlling reports.

Accounting is – at micro-level – i.e. the level of the bank – the sum of activities which are done within the framework of an accounting information system by the experts of the bank. The accounting information system is in close connection with the management information department, the accounting and administration department, the inner control and the information technology team. The harmonic and efficient activity of these areas characterizes the center of the accounting information system, which provides for the basic data of the informational database.

The information system works within the bank and includes two, closely related sub-systems: a data processing/ information supplying sub-system and a decision making sub-system. The data-processing system is responsible for acquiring, coding, storing, processing and forwarding the information necessary for the activity and operation. The task of the decisive sub-system is – on the basis of information from data-processing systems using them – to influence, directly or indirectly, with the management processes and the operation of the system. However, the decisive sub-system is special, as in practice it has “only” a pre-decisive, pro-decisive role. Accounting, as the decisive sub-system of the information system, can have a special role because within the bank accounting as a functional area does not have decisive competence related to the activity and operation of the bank, but does have a great role in preparing and supporting the decisions of the management.

2.1.3.1 The Concept of the Information System

Accounting, as a closed-system recording (which is the collection of procedures, methods, techniques, legal regulations, rules and experts), includes the identification, tracking, measuring, recording, processing, storing,
systemizing, valuing, controlling and publishing of the phenomena influencing the property, financial and profit status of the bank, ensuring the conditions of continuous, undisturbed activity. In this regulated, closed system the accounting information system records the economic events influencing the bank, then processes them – according to the demands – and conveys them to the persons or units responsible for decisions. In addition, the system greatly contributes to preparing different reports, financial statements, working out an expense management system and compiling controlling reports.

Accounting is – at micro-level – i.e. the level of the bank – the sum of activities which are done within the framework of an accounting information system by the experts of the bank.

2.1.3.2 The Function of the Accounting Information System

The accounting information system, i.e. the accounting process, can be defined as a subpart of the information system of the bank, and within it as a subpart of the information system of the management. The task of the accounting information system is to meet the data demands of the management information system through the management reporting sub-system. So it provides information for the managers of the bank, certain functional areas and the body of the owners and the supervisory authorities. The information supplied by the accounting information system has an important role in basing the decisions on, inside or outside of the bank.

The accounting information system is in close connection with the management information department, the accounting and administration department, the inner control and the information technology team. The harmonic and efficient activity of these areas characterizes the center of the accounting information system, which provides for the basic data of the informational database.

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The accounting system includes two main activities according to Schehl’s categories concerning the activities of the bank (Schehl 1994):

> Processing information and

> supplying information.

According to the above categories, the dual purpose of the accounting information system can be defined: on one hand to fulfill the registrative, accounting and reporting duties; on the other hand to provide information at the highest possible level for the manager's decision-making activity. This dual function defines the contents of the sub-system, its tasks and its connections. The characteristic sub-systems of the accounting information system are the following in practice:

> Ledger and current account sub-system

> Financial sub-system

> Sub-system of labor and wage accounting

> Sub-system of investment
Sub-system of invoice and sales

Sub-system of stockpiling.

The most important criteria for organizing the sub-systems – in relation with the given system – are the exact knowledge of purposes, connections, processes, vertical and horizontal relations, personal aspects, codes, basic data, inputs, transformations and outputs.

The processes of the account information system can be summed up in three essential groups:

- Income cycle
- Expenditure cycle
- handling the resources.

The income cycle means sales and obtaining their income, the expenditure cycle contains the processes from getting the material to fulfilling the payment, and handling the sources means getting the sources, storing, using and optimizing them. The complete tracking of the economic processes can be realized if there is a complex and up-to-date database behind the above-mentioned processes.

2.1.3.3 Environment of Accounting Information System

The accounting information system is the frame of practical accounting activity, as it tracks the events of the bank, supplies data for the managers’ decisions, and organically contributes to the reports for the managers, to the financial statements, to compiling the expense management systems and last but not least to the controlling reports. The processes in the environment of the bank influence the elements of the accounting information system, too. Among the constituents of the accounting information system the human factor has an outstanding role (nowadays there are great demands concerning the employees’ competence, expertness and experience) and those activities which belong to accounting (in brief, bookkeeping and reporting). The analysis of the system
means the analysis of the system and also its environment for the sake of better and more complete knowledge.

2.1.3.4 Accounting Information System and Information Technology

The spread of informatics has given rise to a completely new way of providing information. The development of information technology is a great help in accounting to manage the piles of data. In the 20th century the world-wide expansion of technology and informatics created the possibility of using the information obtained from the accounting information system consciously and efficiently.

As a consequence of automatization, nowadays accounting software (accounting software: a program which makes accounting work processes easier and faster and which makes it possible to meet the information demand of the management) supports the accountants’ work, helping to compile reports by recording and processing the events concerning the bank, (according to the law, since 30th April 2009 accounting statements/reports must be published electronically) and preparing tax returns (the system of electronic tax returns was introduced on 1st January 2007; since then statements on paper have been largely abolished, with some exceptions).

2.2 Bank Performance

This review of bank performance in terms of its capacity to generate sustainable profitability. Profitability is a bank’s first line of defense against unexpected losses, as it strengthens its capital position and improves future profitability through the investment of retained earnings. An institution that persistently makes a loss will ultimately deplete its capital base, which in turn puts equity and debt holders at risk. Moreover, since the ultimate purpose of any profit-seeking organization is to preserve and create wealth for its owners, the bank’s return on equity (RoE) needs to be greater than its cost of equity in order to create shareholder value.
Although banking institutions have become increasingly complex, the key drivers of their performance remain earnings, efficiency, risk-taking and leverage. In detail: while it is clear that a bank must be able to generate “earnings”, it is also important to take account of the composition and volatility of those earnings. “Efficiency” refers to the bank’s ability to generate revenue from a given amount of assets and to make profit from a given source of income. “Risk-taking” is reflected in the necessary adjustments to earnings for the undertaken risks to generate them (e.g. credit-risk cost over the cycle). “Leverage” might improve results in the upswing – in the way it functions as a multiplier – but, conversely, it can also make it more likely for a bank to fail, due to rare, unexpected losses.

It is crucial to identify the scope of performance measurement in banks, since this can indicate where potential alternatives to traditional metrics, such as the RoE, may be preferable. In this respect, bank analysts tend to consider efficiency, asset quality and capital adequacy indicators as key elements of banks’ performance measures. Hence, explicit indicators of credit risk and shock absorption capacity are considered essential in assessing the performance of a bank and encompassing risk in the analysis. Their analyses also rely upon detailed revenue and cost indicators (e.g. the structure, sustainability and rate of change of revenue and cost items), as well as market-based indicators of profitability and valuation (e.g. P/E, P/BV). On the other hand, in assessing banks’ performance, bank analysts tend not to use liquidity indicators, market-based indicators of credit risk, the systemic significance of the bank and efficiency indicators related to capital, primarily because these indicators provide less reliable information. With efficiency indicators, for example, it is often difficult to gauge the actual amount of capital allocated to each line of business, whereas with market-based indicators, the problem is more that they mirror other indicators and are already reflected in the bank’s valuation.

2.2.1 Indicators of Bank Performance

The different perspectives of performance measurement that have already been identified are also reflected in the different metrics chosen by the various
analysts. It is worth noting, however, that such choices are generally dictated by the availability and quality of the data. Most analysts are therefore calling for a general improvement in the quality and disclosure of certain indicators of performance, which may thus play a central role in the future.

_Bank analysts_ are comfortable with traditional indicators of revenue and credit risk. In addition, they have introduced the concept of tangible equity into their assessments, which may better reflect the impact of the crisis. It should also be noted that some of the respondents expressed reservations about the interpretation of CDS spreads, since such spreads may be illiquid and reflect speculative activity. Regarding market-based indicators, bank analysts also regarded unsecured debt indicators as informative, whereas subordinated liabilities were deemed to suffer from bond specificities and illiquidity.

2.3-Previous Studies

There are many studies about management control, leadership styles and accounting information system in bank performance. Here are some of these studies as following:

According to Malmi et al (2005) management control system consists of devices and systems that managers use to ensure that their employees’ decisions and behaviors are consistent with organization strategies and objectives with excluding decision-support system. He argued that MCS is an integrated system and needs to assess organization from every angle therefore controlling organization actor’s behaviors from accounting or managing aspect cannot obtain a comprehensive system. A perfect MCS has to monitor not only the internal environment but also has to be sensitive to external changes. Information technology (IT) play a central role in this process. Since, there is no complete and comprehensive system for all organizations. Indeed, every organization needs their own system, which is unique for them, and is adjustable with structure and strategy. This article tries to illuminate an integrated form of elements of MCS in a package conceptual framework.
To understand the role of MCS in accounting principles, contribution of accounting in management control system could be discussed from every angle of subject. Traditionally, and in somehow till now, accounting and finance play a significant role in management control system (Mouritsen, 1996) by contribution in decision making especially in the field of strategy. However, by emerging new issues like intangible property and knowledge, the centrality of accounting is not as it was before. It means that intangibles are powerful rivals for accounting and finance in the case of centrality. The role of accounting in MCS highly depends on structure and strategy of organization. In traditional form of governance with centrality of budget especially in public and governmental sector, the effects of accounting are important but in privet sector with new approaches to governance and control system, the other elements like ownership and leadership has significant impact on control system. In family-led business, accounting is not important as it is in non-family business and owners play more important role in establishing and improving MCS. (Moilanen, 2008) This role could play by powerful individuals in delegation or agency form of owner.

Burns and Vaivio (2010) point out in their research on management accounting change how the facing of broad change in their environments and the emergence of new information technology has led companies to transfer the role on accountants from “controller or “score-keeper” to “business support” or “internal business consultant”. (Coad 2009). At the same time especially new information technology is driving so called routine accounting tasks (like processes of financial accounting studied in this case) into centralized or outsourced positions, and a great deal of management accounting is done by the business managers rather than by the “traditional accountants”. (Granlund and Lukka, 2008a; Lukka and Shields 2011).

Dent (2011) has shown in his study how management control systems were used in a rail-way organization in this kind on focus shifting from government management to a business culture with new organizing modes, patterns of authority and shorter planning time horizons. Llewellyn and Northcott (2005)
examined British hospitals as they used cost data to provide comparisons of efficiency. According to this study management control system encouraged behaviors and practices to be categorized in a standardized way, and it led to averages in measurements. Soin, Seal and Cullen (2012) examined the transfer of a UK bank into more business orientated operational activities with the help of an ABC introduction. The research was concerned with the interplay between management accounting and other agents of organizational change that drew rationalities and legitimations from operations and human resources management. ABC institutionalization was successful and links between costs and products were demonstrated, but all this did not affect the strategic thinking. The inability to change the strategic thinking level was due to conservatism, the desire to maintain the managerial discretion and the ultimate lack of technical understanding of the potential of activity base costing to help in the strategy transition. Henri (2006) used survey-based methods to show that performance measures can focus organizational attention, support strategic decision making and legitimize action in organizations, where flexibility values dominate over control values. Performance values were seen as stimulants and guides towards innovation, creativity, learning and change. The essence of management control systems is to manage the tension between creative innovation and predictable objectives achievement, and to balance the traditional organizational dilemma between control and flexibility (Simons, 2005).

Ezzamel and Bourn (2010) explored the roles of accounting information systems in situations of externally generated financial crisis. Crisis usually has a huge impact on participants within the organization, but also on suppliers, customers, competitors as well as the whole society at large. These kinds of situations also have effect on management and information systems. The analysis reveals that the model offers important, but only partial explanations of the roles of the accounting information systems in organizations. In particular, during the early phases of the crisis the accounting information system did not appear to possess the requisite qualities for effective pro-active nor responsive crisis management.
2.4-Framework and Hypothesis

Based on the explanations of previous and theoretical studies, the conceptual framework is reported in figure 3 as following:

![Framework of Research](image)

Figure 1 Framework of Research

Where:

MC: Management Control

LS: Leadership Style

AIS: Accounting Information System.

To examine the impact of management control, leadership style and accounting information system on bank performance of BNI Syariah Bank Indonesia and BRI Syariah in Indonesia we have these three hypothesis as following:

H1: Management Control has a positive impact on BNI Syariah and BRI Syariah Performance.

H2: Leadership Styles has a positive impact on BNI Syariah Bank and BRI Syariah Performance.
H3: Accounting Information System has a positive impact on BNI Syariah Bank and BRI Syariah Performance.

Based on the research framework, a regression model was framed with three independent variables and one dependent variable as following.
CHAPTER III: METHODOLOGY

This chapter includes the methodology of research. Starting with type of research and population and samples for both banks. After that there is a description for research variables and their instruments followed by an explanation of data sources and collection. The last part is about analysis and method of analysis that used in this research.

3.1 Type of Research

This research was conducted in four different parts. Quantitative approach was used in this study. This study used a quantitative exploratory descriptive design to identify, analyses and describe management control, leadership styles and accounting information system in addition to performance of BNI Syariah Bank. Quantitative research is generally associated with the positivist/post positivist paradigm. It usually involves collecting and converting data into numerical form so that statistical calculations can be made and conclusions drawn. Qualitative research is the approach usually associated with the social constructivist paradigm which emphasizes the socially constructed nature of reality. It is about recording, analyzing and attempting to uncover the deeper meaning and significance of human behavior and experience, including contradictory beliefs, behaviors and emotions.

Quantitative method involves describing in details specific parameters using research tools like survey and investigation in order to establish facts and reach new conclusion.

3.2 Population and Sample
A. Population: Polit and Hungler (2009:37) refer to the population as an aggregate or totality of all the objects, subjects or members that conform to a set of specifications comprising the entire group of persons that is of interest to the researcher and to whom the research results can be generalized. LoBiondo-Wood and Haber (2008:250) describe a sample as a portion or a subset of the research population selected to participate in a study, representing the research population.
Population of this research are all the employees of BNI Syariah Bank Indonesia and all its approaches around the country. Population for BRI Syariah are the employees of BRI Syariah in Indonesia. To make it easier and specific, employees of BNI Syariah Bank Indonesian Malang and employees of BRI Syariah in Malang city only will be chosen as population for this research.

B. Sample: The process of selecting a portion of the population to represent the entire population is known as sampling (LoBiondo-Wood & Haber 2008:250; Polit & Hungler 2009:95). Sample of this study was selected of entire population as following:

To ensure that samples adequately represent the relevant strata, 120 respondents were randomly selected from all departments of BNI Syariah Bank Indonesia and 100 employees of BRI Syariah Indonesia. When choosing a sample, there are two important issues have considered: will the sample be representative of the population, and will the sample be precise.

C. Sample Size: Sample size of this research was selected as a total of 120 employees of population of BNI Syariah Bank Indonesia and 100 employees of BRI Syariah Malang Indonesia. Sample was almost 23% of population of Indonesian bank and 36% of population of BRI Syariah Malang Indonesia.

One way to determine the amount of sample that meets the matter, it was formulated by Slovin (Steph Ellen, eHow Blog, 2010; with reference Principles and Methods of Research; Ariola et al. (Eds.), 2006) as follows:

\[ n = \frac{N}{1 + Ne^2} \]

where:
- \( n \) = Number of Samples
- \( N \) = Total Population
- \( e \) = Error Tolerance (tolerance error occurrence; level of significance; to social and educational typically 0.05) \( \Rightarrow (^2 = \text{squared}) \). Here we will choose level of confidence 92% which means \( e = .08 \)
- \( N = 520, e = .08 \)
- \( n = 520 / (1 + 520* .08^2) = 120 \) for Indonesian BNI Syariah Bank and
- \( N = 278, e = .08 \)
- \( n = 278 / (1 + 278*.08^2) = 100 \) for BRI Syariah Indonesia.
D. **Sampling technique**: sample technique used is Random sample where a researcher choose the population from two groups, first one are employees of central bank of Indonesia and the other is the employees of BRI Syariah Indonesia.

Sampling technique used proportionate random sampling. Several criteria were used to select sample as following:
1) The participants of the study were selected from all the departments of the BNI Syariah Bank and BRI Syariah.
2) Participants were selected according to gender, experience, education and age.

3.3 **Research Variables and Operational Definitions**

The research variables were used in this study consist of dependent variable namely performance of both BNI Syariah Bank Indonesia and BRI Syariah Indonesia and independent variables which are management control, leadership style and account information system in both banks.

1. **Management Control**: the process by which managers ensure that resources are obtained and used effectively and efficiently in the accomplishment of the organization’s objectives.

2. **Leadership Style**: style of providing direction, implementing plans, and motivating people. It is the result of the philosophy, personality, and experience of the leader. Rhetoric specialists have also developed models for understanding leadership.

3. **Account Information System**: is the collection of procedures, methods, techniques, legal regulations, rules and experts), includes the identification, tracking, measuring, recording, processing, storing, systemizing, valuing, controlling and publishing of the phenomena influencing the property, financial and profit status of the bank, ensuring the conditions of continuous, undisturbed activity.

4. **Bank Performance**: The accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed. In a contract, performance is deemed to be the fulfillment of an obligation,
in a manner that releases the performer from all liabilities under the contract. The key drivers of banks performance remain earnings, efficiency, risk-taking and leverage.

**Table 1 Operationalization of Variables**

<table>
<thead>
<tr>
<th>No.</th>
<th>Variables</th>
<th>Indicators</th>
<th>Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Management Control</td>
<td>Control Environment Risk Assessment Control Activities Information and Communication Monitoring</td>
<td>See Appendixes Part A</td>
</tr>
<tr>
<td></td>
<td>MC (1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Leadership Style</td>
<td>Transformational leadership - Charisma - Idealized - Influence - Inspiration Motivation Transactional leadership - Contingent - Rewards - Management by Exception</td>
<td>See Appendixes Part B</td>
</tr>
<tr>
<td></td>
<td>LS (2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Accounting Information System</td>
<td>Appropriateness Credibility Accuracy and Timing Understanding and Absorption Importance and Fulfillment</td>
<td>See Appendixes Part C</td>
</tr>
<tr>
<td></td>
<td>AIS (3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Bank Performance</td>
<td>Financial Criteria Market Criteria Management Criteria Customer services Employees satisfaction</td>
<td>See Appendixes Part D</td>
</tr>
</tbody>
</table>

Source: Primary data, 2017

**3.4 Description of Instruments**

This research was conducted using two separate instruments. The instruments were completed using a self-report, pencil and paper method. Following is an overview of the instrumentation selection process and a discussion of the instruments that were used as part of this research.
1. **Management Control Questionnaire**

There are 15 questions about management control. These questions included within five instruments. Instruments are control environment, risk assessment, control activities, information and communication and monitoring. Subsequent sections of this questionnaire emphasize the “Principles” of management control developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and presented in the Management Control – Integrated Framework (2013). The five components of internal control listed in previous studies are fundamentally the same as the five standards of internal control and reflect the same concepts that the “Standards for Management Control in the Federal Government” utilizes.

The principles are reflected in groupings of questions related to major areas of control focus within the organization. Each question represents an element or characteristic of control that is or can be used to promote the assurance that operations are executed as management intended. On a scale of 1 to 5, with “1” indicating the greatest need for improvements in management controls and “5” indicating that a strong system of management controls already exists, select the number that best describes current operating environment.

2. **Leadership Style Questionnaire**

There were 15 questions; these questions include many traits of leaders and their behaviors such as: Communicates effectively with others, Discerning and insightful, believes in oneself and one’s ability, shows kindness and warmth, shows tolerance, is tactful and is consistent and reliable, is authentic, inspires confidence, understands others, identifies with Others, taking risks and initiate action, providing structure and organization to work or to teams. Encouraging and showing support for others, Recognizing and valuing other, finding practical solutions. And Leader is as an energetic person, Sensing and understanding people’s needs or motivations.

Also there are other information like, sex, part time or full time and which department they are working in. In this part I used Likert from (1) strongly
disagrees to (5) strongly agree to measure the employee’s opinion about their leaders.

3. *Multifactor Leadership Questionnaire (MLQ Form 5X)*

Here, I will show some of previous instruments that used before to measure the leadership and its styles:

Bass’s (1985) initial Multifactor Leadership Questionnaire (MLQ) included the five subscales of charisma, individualized consideration, intellectual stimulation, contingent reward, and management-by-exception. Later, Bass & Avolio (1990) introduced the Multifactor Leadership Questionnaire Form 5R (MLQ Form 5R), which contained six subscales: charisma, inspirational motivation, intellectual stimulation, individualized consideration, contingent reward, and management-by-exception.

In 1995, Bass & Avolio presented the Multifactor Leadership Questionnaire Form 5X (MLQ Form 5X). This new version of the MLQ contained nine subscales: idealized influence (attributed), idealized influence (behavior), inspirational motivation, intellectual stimulation, individualized consideration, contingent reward, management-by-exception (active), management-by-exception (passive), and laissez-faire.

Bass & Avolio (1995) categorized these subscales into three groups: (a) idealized influence (attributed), idealized influence (behavior), inspirational motivation, intellectual stimulation, individualized consideration are considered transformational leadership (measures of relations-oriented leadership behaviors); (b) contingent reward, management-by-exception (active), and management-by-exception (passive) are considered transactional leadership (measures of task-oriented leadership behaviors); and (c) laissez-faire is considered non-leadership (measures neither relations-oriented nor task-oriented leadership behaviors).

The MLQ Form 5X is self-scoring and uses 36 items to measure the nine subscales. These items are rated using a 5-point Likert scale with anchors labeled as 0 = not at all, 1 = once in a while, 2 = sometimes, 3 = fairly often, 4 = frequently, if not always. In developing items for the MLQ Form 5X, Bass & Avolio (1995) used several methods. First, they selected nine sample studies that
had previously used the MLQ Form 5R. These samples were then subjected to a series of factor analysis, “which provided a base for selecting items that exhibited the best convergent and discriminant validities” (p. 9). Additional methods for item development included using partial least squares (PLS) analysis (Fornell & Larker, 1981) to select items for inclusion, soliciting recommendations from scholars in the field of leadership, and using Howell & Avolio’s (1993) preliminary results with the earlier version MLQ Form 5R.

4. **Accounting Information System Questionnaire**

This questionnaire includes 14 questions. The scales or instruments of these questionnaire are Appropriateness, Credibility, Accuracy, Timing, Understanding and Absorption, Importance and Fulfillment. Likert from 1 to 5 where one is very disagree and five is very agree. The financial job is responsible for managing financial assets, such as: feedback, inventory and other assets to organize the return on investment and the total value of the shares, it is also responsible for testing bank assets and cash flow; and from here the importance of accessing the external information has appeared. Accounting and financial information systems are the ones that keep up financial assets of the company and provide long term forecasts. (Al-Najjar, Fayez, 2005).

Others had defined accounting information systems as: a system that collects, records, stores and handles data to provide information to decision-makers through using advanced technology or simple system or in between of the two. (Romney & Steinbart-2012, p 26), (Gill, 2010) defined it as a collection of parts and sub systems that are connected with each other and with the surrounding environment and operate as a single overlap relationship between each other and between the system that combine it where each part depends on the other in achieving the goals sought by the comprehensive system of accounting, in order to provide data and information to decision makers.

In order for accounting information to achieve its desired goals, it should have the following basic properties (Ahmad, 2006):

**Appropriateness:** In order for accounting information to give the desired benefit, it should be appropriate for its purpose, in addition that the appropriateness is an
essential requirement for the information to be used in assessing the company's administrative policies and develop planning control over it, information is appropriate and important whether its disclosed or not or have an influence on the decision of information users.

**Credibility:** Accounting information must contain a degree of possibility of verification or objectivity based on sufficient evidence prove and to be free from bias.

**Accuracy:** Failure to provide accurate accounting information which causes a lack of verification of this information, because there are mistakes that result in a discrepancy between the information processed for administrative team, which leads to an error in the transfer of information to the decision maker.

**Timing:** Timing is an important component to success in decision-making, as accounting information does not give benefit, if the decision maker doesn’t have the right time or the delay in delivering information.

**Understanding and Absorption:** The impact of accounting information in the administrative decisions stands on the extent of absorption of the management team of this information, in order to be understandable, simplified and meaningful without resorting to detailed data.

**Importance:** Accounting information performs its role, if it has the important characteristic, that to be a source of important information for intervention in the formulation and decision-making and neglect it will lead to create a problem for it.

**Fulfillment:** Fulfillment standard depends on the quantity and quality of information and the extent of absorption of members of the management team in the accounting information, in order to satisfy their needs of information and give benefits that are greater than the cost of its preparation.

5. **Bank Performance Questionnaire**

There are fifteen questions (items) for measuring the performance in bank categorized under five scales or indicators. These indicators are Financial Criteria, Market Criteria, Management Criteria, Customer services and Employees satisfaction. Likert of the assessment was 1 to 5 which means very low and very
high respectively. The questionnaire was based on João O. Soares, Joaquim P. Pina, Manuel S. Ribeiro, Margarida Catalão-Lopes (2011) study with development by researcher. They stated that bank performance assessment are usually based on four types of information: i) information of a commercial nature, related to the bank-client’s relationship history; ii) information of a financial nature, quantitatively assessed through some indicators; iii) information related to the firm’s management; and iv) information which mitigates the credit risk. The survey was carried out in order to assess the most common procedures and criteria employed in Portuguese banks. The inquiry was aimed at a panel of six loan officers from the six major banks in the country. These banks represent nearly 80 per cent of the whole system in terms of loans to non-financial corporations. It was clear from the beginning that their answers would not be interpreted as representing the official position of the institutions to which they belong, but instead they would be regarded as simply reflecting the prevalent practices.

3.5 Data Source

The data type in this research is quantitative data. The data sources in this research are both primary and secondary data. Primary data was collected by survey and investigation. Secondary data was collected from the annual report of the banks and other documentaries such as journals and articles related to variables and both BNI Syariah Bank Indonesia and BRI Syariah.

3.6 Data Collection

Data collection technique is intended to obtain materials that are relevant, accurate and reliable. Method of data collection in this research used two ways: primary data collected by surveys, interviews and investigation, secondary data by using documentary data technique based on previous studies in the same field. Based nature of this research where we have two different banks in two different countries, the questionnaire was distributed in two different style and languages. Questions were translated to both Arabic and Indonesian language.
3.7 Data Analysis

Data analysis technique is an attempt to find the answer of the research hypothesis. There are two methods of data analysis used in this research. Those methods will be explained in the next discussion. The first is descriptive statistical analysis and inferential statistical analysis. In addition to path analysis based on INOVA analysis.

a. Descriptive Statistical Analyses

Descriptive statistical analysis aimed to give a description of data that used in the research. Descriptive statistical analysis in this research described the data for each indicator that used to measure latent variables. In this part, the data will be described in terms of minimum value and the maximum value in table, frequencies and percentages of items. Mean and standard deviation will be discussed as well. In addition to the analysis of correlation between variables, validity and reliability.

b. Inferential Statistical Analyses

This part includes explanations about the impact of management control, leadership style and accounting information system on BNI Syariah Bank Indonesia and BRI Syariah in Indonesia performance. Correlations between variables and reliability and validity will be described as well. To check hypothesis INVOA analysis by using excel or Coefficients analysis (regression) by SPSS will be used.

c. Regression Analysis

Regression analysis was chosen to analyze impact of management control, leadership style and accounting information system on BNI Syariah Bank Indonesia and BRI Syariah performance because path analysis is a statistical technique used to examine hypothesized (causal) relationships between two or more variables.
The path coefficients for the full model (with all the arrows) are derived from a series of “layered” multiple regression analysis. For each multiple regression, the criterion is the variable in the box (all boxes after leftmost layer) and the predictors are the variables that have arrows leading to the box.

For the full model above, we will need two layers of multiple regressions:

With (Performance) as the criterion and Management control, leadership style and accounting information systems as the predictors.

One of the nice things about SPSS is that it will allow us to start with a correlation matrix, we don’t need the raw data – this is nice because more articles now include the correlation matrix of the variables, providing us an opportunity to reanalyze their variables using this model.

1. **Hypotheses Testing**

   \[ Y = a + b_1 MC + b_2 LS + b_3 AIS + \varepsilon \]

   Where:

   Y (dependent variable) = BNI Syariah Bank Performance of Indonesia and BRI Syariah Indonesia

   (a) = constant term and (b1 to b3) = coefficients of independent factors.

   MC= Management Control as independent Variable

   LS= Leadership Style as independent Variable

   AIS= Accounting Information System as independent Variable

   \( \varepsilon \) = error term;

2. **Portraying the full model**

   The path coefficients are the (Beta) weights from the multiple regression analyses.

   - The “\( \varepsilon \)” values (roughly error variance) are computed as radical (1-R2).
For calculating error e for job satisfaction and organizational commitment as following:

\[ e_{AM} = (1 - R^2) \]

While some path analyses are “descriptive” in that they compute and describe this sort of “full model” others test hypotheses about which model paths do not portray causal links among variables. Below is such a reduced model.

This model posits that there is no effect of management control, leadership style and accounting information systems on bank performance.

Once again, one multiple regression model would be used to obtain the path coefficients. The one layer don’t require an actual multiple regression model, because there is only one predictor for this layer.

So for bank performance as criterion and management control as predictor:

\[ R^2 = r^2, e_{AM} = (1 - R^2) \]

3. *Testing the reduced or hypothesized model*

Testing the reduced model involves comparing how well it fits the data compared to how well the full model fits the data. This is much like the R2θ test for comparing nested models. As with those analyses, the test of the models actually tests the average contribution of the predictors (paths) being deleted from the model, so result from dropping several predictors can be uninformative or misleading.

Fit of the full model \( 1 - \pi (e^2) \)

Fit for the reduced model \( 1 - \pi (e^2) \)

The summary statistic showing the relative fit of the reduced model to the full model is

\[ Q = 1 - \text{fit of full model} / -\text{fit of reduced model} \]
CHAPTER IV: FINDINGS AND DISCUSSION

This chapter includes the financings and discussion of this research. Starting with an introduction to both BNI Syariah Bank Indonesia and BRI Syariah Indonesia bank and following by description of samples for two banks. Descriptive statistics for every factor (management control, leadership style, accounting information system and bank performance for each bank), correlations, reliability and validity and path analysis were analyzed. The last part was a discussion for all research analysis.

4.1 Introduction

A. BNI Syariah Bank of Indonesia

Banking institutions are the earlier financial institutions that were established in Indonesia either by Indonesian government or foreign colonized countries. However, Indonesia had an independent banking system just in 1997 when the revolution government nationalized all foreign banks to create a complete banking system that was a public banking sector and fully owned by the Indonesian government. The Indonesian banking system continued to be controlled by the public sector until 2003 when a new law allowed the establishment of private bank. In addition, the Indonesian banking system still depends on BNI Syariah Banks’ aspects as showed in figure one chapter one.

In 2000, Indonesia established the National Bank of Indonesia to replace the Indonesian Currency Committee and to perform some functions as a central bank. In 2003 the National Bank of Indonesia was replaced by the Bank of Indonesia that became the supervisor of all banks in Indonesia after nationalization Later the Bank of Indonesia changed its name to be called the Central Bank of Indonesia and its functions have grown from limited to maintaining sterling assets against the issue of local currency to control many issues such as “issuing and regulating banknotes and coins in Indonesia, maintaining and managing the official reserves of gold and foreign exchange, acting as a banker to the BNI Syariah Banks, taking appropriate measures to deal with foreign or local economic and financial problems and supervising BNI Syariah Banks to ensure the soundness of their
financial position and protection of the rights of depositors and shareholders, other words, the Central Bank of Indonesia represents a banker to the state, banker to other banks, supervisor and regulator of banking activities and an enhancer to the economic development in Indonesia.

BNI Syariah Banks are the earlier banking institutions that have been established in Indonesia since the beginning of the 9th century. However, these banks were established by foreign countries such as Italy and Britain without any establishment for the Indonesian owned banks at that time.

According to the Banking Law No.153 (1997), the Banking Law No.1 (1998) and particularly the Banking Law No.1 of 2005 (cited in Central Bank of Indonesia 2007), any company that ordinarily accepts deposits in current demand accounts or time deposits, grants loans and credit facilities and engages in other such banking activities shall be considered a BNI Syariah Bank. In addition, these laws have observed the considered activities in which a BNI Syariah Bank engages, especially the Banking Law No.1 (2005, p. 23) as follows:

B. BRI Syariah Indonesia

In the 7th year, BRISyariah has recorded many quite encouraging achievements. This is inseparable from sustainable cooperation and full support with the parent entity, PT Bank Rakyat Indonesia (Persero) Tbk (BRI). The network has been owned by BRI makes customers can carry out payment transaction easily and affordably. By the end of 2015, BRISyariah has 675 sharia service offices which are spreading throughout Indonesia. The availability of Sharia Service Office (KLS) in BRI is one of the supporting aspects to the achievement of qualified business growth.

Business cooperation is not only the case with the parent, but also with other institutions such as Alfamart retail network for Laku Pandai program, cooperation with 50 Universities and education institutions, also cooperation with BAZNAS zakat distribution.

The strength of the synergy that is built and constantly maintained, as well as the principle of working culture which always applied, has raised customers’ trust
to BRI Syariah. This is in line with the increasing number of financing and funding, which then resulted in an increase of the overall primary performance.

BRISyariah was established on December 19, 2007, following the successful acquisition by PT Bank Rakyat Indonesia (Persero) Tbk over PT Bank Jasa Arta. Upon receiving the license from Bank Indonesia on October 16, 2008 in its letter No. 10/67/KEP.GBI/ DpG/2008, PT Bank BRISyariah officially performed its banking activity under Sharia principles on November 17, 2008, after having managed to operate as conventional bank.

The business activity of BRISyariah was even stronger after the signing of the Separation Deed of the Sharia Business Unit of PT Bank Rakyat Indonesia (Persero) Tbk. to merge into PT Bank BRISyariah (spin-off process) dated December 19, 2008, which was effective on January 1, 2009. The signing that is of strategic value constitutes the real support of the holding company to the operations of Bank BRISyariah.

In 2015, the sharia business remained challenged by the current economic slowdown. However, we believe that the Indonesia’s economy will gradually recover to allow the sharia business to also recover. The currently small share of sharia banking sector of less than 5% shows a tremendous opportunity for BRISyariah to grow and expand.

Another specific area of development in 2015 was Hajj and Umrah-related business. In line with government programs that has transferred the authority to manage hajj funds to sharia banks, BRISyariah took several strategic steps to penetrate and lead the Hajj and Umrah business Hajj including by strengthening the organizational work unit which handles the Hajj and Umrah business, intensifying Hajj and Umrah marketing activities, expanding alliance with Hajj and Umrah business communities, as well as strengthening Hajj-related services in 2015 in terms of fund generating. Going forward, this very specific business will continue to be improved and promotes as one of the BRISyariah’s mainstays in line with the increasingly high public interest in performing Hajj and Umrah.

The awareness of the importance of preserving the environment has demanded economic activities that are more concerned toward the environment through a
sustainable concept of financial practices. As a business entity, BRISyariah participates in supporting the movement by providing financing schemes that integrate environmental aspects in the policy and financing process. With respect to the Company’s concern toward the sustainable financial movement, BRISyariah was trusted by OJK and WWF during 2015 as one of the pioneer banks involved in the program of Pilot Project of Implementation of Integration Guide of Environmental, Social, and Governance (LST) for Banks. BRISyariah has become one of the 8 leading banks in Indonesia actively participating in the sustainable programs of financial practices. This trust is one of the evidence that the management of BRISyariah has confidence and is aware of the importance of sustainable financial practices.

Projection of the world’s main economic power, United States of America, growth by 2.5% in 2015. However the growth realization up to September 2015 was just reached 2.4%. The slowing down economic growth occurs in the Blue Continent, Europe. In 2015, Europe was still facing continuing of the lowest growth phase. In South East Asia, 5 ASEAN Countries, (Indonesia, Malaysia, Philippines, Thailand, and Vietnam), IMF predicted that the area’s economy will grow by 4.7%. However in the latest release, IMF cut its forecast for economic growth from 5% to be 4.6% in 2015. Based on BPS data, the Growth of Indonesia in 2015 was 4.8%. This figure is the lowest growth figure over the last 6 years. Actually there has been occurred acceleration of the economic movement in the fourth quarter which reached 5%, but if it takes into account of the growth in the previous quarters, the growth figure was still below 5%.

In 2016, observers and international financial institutions see the potential for better growth. Economic growth is projected greater than 3.2%, as occurred in 2015. The world economic instability that comes from speculation in world financial market has been partially answered by the decision of the Bank of America which is raising its reference interest rate in the range of 0.25 – 0.50%. This decision is deemed as an indication of the start strengthening of the American economy which is expected to have a positive influence to the world economic. Increase of the interest rate of the US Central Bank, in short term
impact on the plow of foreign investor fund comes out of emerging markets including Indonesia, there is pressure in the currency in developing countries in Asia including rupiah, and US Dollar gains significantly. However, the increase of interest rate of the American central bank is quite positive for Indonesian economic in long term.

4.2 Description of Sample

Participants in this survey were 120 employees of BNI Syariah Bank Indonesia and 100 employees of BRI Syariah in Indonesia, these participants were selected randomly of every bank’s departments. Here we will discuss demographic for every bank separately as follows:

1. **BNI Syariah Bank of Indonesia**

Surveys included five parts of questions. The first part was about demographic data such as: sex, age, qualifications and year of experience. The second till five parts were included control management questionnaire, leadership style questionnaire, accounting information system questionnaire and bank performance questionnaire respectively. Demographic of sample as showed in table 3.1 down. There were 120 employees selected randomly of all departments of BNI Syariah Bank as following in the table below:

<table>
<thead>
<tr>
<th>Demographic</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>N = 120</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>19 employees</strong></td>
<td></td>
<td>% 100</td>
</tr>
<tr>
<td><strong>53 employees</strong></td>
<td></td>
<td>16 %</td>
</tr>
<tr>
<td><strong>41 employees</strong></td>
<td></td>
<td>44 %</td>
</tr>
<tr>
<td><strong>7 employees</strong></td>
<td></td>
<td>34 %</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Female</strong></td>
<td>N = 120</td>
<td>100 %</td>
</tr>
<tr>
<td><strong>Male</strong></td>
<td>M = 73</td>
<td>60 %</td>
</tr>
<tr>
<td></td>
<td>F = 47</td>
<td>40 %</td>
</tr>
<tr>
<td><strong>Qualifications</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>BSc</strong></td>
<td>N = 120</td>
<td>100%</td>
</tr>
<tr>
<td><strong>95 employees</strong></td>
<td></td>
<td>79%</td>
</tr>
<tr>
<td><strong>25 employees</strong></td>
<td></td>
<td>21%</td>
</tr>
<tr>
<td><strong>Years of Experience</strong></td>
<td>N = 120</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Under 5 years</strong></td>
<td></td>
<td>11%</td>
</tr>
<tr>
<td><strong>5 – 10 years</strong></td>
<td></td>
<td>59%</td>
</tr>
<tr>
<td><strong>Above 10 years</strong></td>
<td></td>
<td>30%</td>
</tr>
</tbody>
</table>
Table above describe the sample of BNI Syariah Bank. This table shows there are almost 80% of employees between age 25-40 and the number of male employees are almost double of female employees. Qualifications of employees were BA degree and up. In table, 79% of them were bachelor degree and they have long experience while new comers are master or up and less experience years.

2. **BRI Syariah Indonesia**

According to Surveys that were conducted in BRI Syariah Bank, where included five parts of questions. The first part was about demographic data such as: sex, age, qualifications and year of experience. The second till five parts were included control management questionnaire, leadership style questionnaire, accounting information system questionnaire and bank performance questionnaire respectively. Demographic of sample as showed in table 3.2 down. There were 100 employees selected randomly of all departments of BRI Syariah in Malang as following in the table below:

**Table 3 Demographic of BRI Syariah Indonesia Sample**

<table>
<thead>
<tr>
<th>Demographic</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 – 25</td>
<td>23</td>
<td>23%</td>
</tr>
<tr>
<td>26 – 30</td>
<td>33</td>
<td>33%</td>
</tr>
<tr>
<td>31 – 37</td>
<td>28</td>
<td>28%</td>
</tr>
<tr>
<td>38 or above</td>
<td>16</td>
<td>16%</td>
</tr>
<tr>
<td><strong>Gender:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>69</td>
<td>69%</td>
</tr>
<tr>
<td>Male</td>
<td>31</td>
<td>31%</td>
</tr>
<tr>
<td><strong>Qualifications:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BSc</td>
<td>64</td>
<td>64%</td>
</tr>
<tr>
<td>MSc</td>
<td>36</td>
<td>36%</td>
</tr>
<tr>
<td><strong>Years of Experience:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 5 years</td>
<td>17</td>
<td>17%</td>
</tr>
<tr>
<td>5 – 10 years</td>
<td>63</td>
<td>63%</td>
</tr>
<tr>
<td>Above 10 years</td>
<td>20</td>
<td>20%</td>
</tr>
</tbody>
</table>

Source: Primary data, 2017
Same way, Table above describes the sample of BRI Syariah bank. This table shows there are almost 56% of employees between age 20-30 and the number of female employees are almost double of male employees. Qualifications of employees who participated in the survey were BA degree and up although there are some had diploma and other degrees. In table, 64% of them were bachelor degree and they have long experience while new comers are master or up and less experience years.
CHAPTER V: CONCLUSION AND RECOMMENDATION

This chapter is the last chapter in this research. It includes conclusion of research, recommendations by research of this research and same research in the same area and limitations and delimitation of research.

5.1 Conclusion

Descriptive statistical method was used to describe management control, leadership style, accounting information system and bank performance for both banks (BNI Syariah Bank Indonesia and BRI Syariah Indonesia). While Inferential statistical method was used to measure the effect of management control, leadership style and accounting information system on bank performance for BNI Syariah Bank Indonesia and BRI Syariah Indonesia. Correlations, reliability and validity of both variables and items for every variable have been examined in addition to path analysis for every bank have been explained. The last of analysis, there were hypothesis analysis and linear equation for calculating performance of both bank based on management control, leadership style and AIS.

Here is a conclusion for the results of this research as following:

1. Management Control, Leadership style, Accounting Information System and Bank Performance according to descriptive statistic were highly implemented in both BNI Syariah Bank Indonesia and BRI Syariah Indonesia.
2. There is little impact of management control on bank performance for both banks and this impact is insignificant.
3. There is a negative impact for leadership style on both bank performance and this negative impact is insignificant as well.
4. Accounting information system is impacting on bank performance very highly and positively and this impact is significant.

Negative values of leadership style and small values of management control in bank performance are related to the different aspects of their important. This don’t
mean they are not important in bank work but they have no role in performance of these two banks. Nature of bank work makes no sense for management control and leadership style to impact performance. It’s important to say that, this management control of one bank and leadership of same bank while top management of all banks or board of directors of central bank have significant impact on performance and decision making.

5.2 Recommendations

   Based on the observations and findings from this research, the following recommendations are importantly requested to make:

1. The study may draw attention on the need to strengthen the management control and leadership style, model, approach and direction for communicating more effectively with employees. According to work in the bank, some of employees are working independently so maybe they don’t recognize the important of leadership styles. Top management of the two banks have to think about leadership styles and management of the banks again.

2. There is need for additional training for employees. This training may be improve their knowledge and show the importance of working together. Training and other sociocultural activities for employees together encourage them to work as family and help to transfer knowledge and expertise to each other.

3. Natural of bank work are near to each other in different countries, so comparison of two bank was easy and showed the performance of each bank. The only differences in payment and ways of awards.

4. This research encourages other researchers to do the same steps and comparison between national and international institution to understand better about work and gain benefits of each other.

5. There are a huge use of information and complicated systems in bank process and transection through Banks, ATM and Internet. These lead to
high recommendations for learning and adopting technologies and training for employees to keep the updated.

5.3 Limitations and delimitation

Concentrating on the research subject which examine and analyze the impact of management control, leadership style and accounting information system on bank performance, there are limitations in more describing and analyzing types of management control, leadership role and accounting information system.

One limitation existed with the MLQ Form 5X. That is, even though the instrument did serve as a measure of leadership behaviors, it did not do so in the way suggested by Bass & Avolio (1995). When compared to the ideal scores as recommended by Bass & Avolio (1997), the mean for contingent reward suggests that some employees perceived their immediate supervisors as doing an above average job of clarifying expectations and recognizing accomplishments. Whereas, mean scores for the other variables subscales in this research suggest some need for improvement.

Another consideration involves the demographics. Results might have been different if percentages for sex, age, time with company, time with immediate supervisor, kind of work, and education were different.

There were some difficulties in data analysis based on high numbers for both banks where there were more than 300 pages for analyzing and researcher had minimized these data to some tables and gave an explanation for each table.

There is other important limitation of this research about the available information about two banks. There were some problems to get right information about the situation and relation between top management with employees.
REFERENCES


