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EDITORIAL NOTES

The Uniqueness of Islamic Economic and Financial Practices in Indonesia

Introduction

This issue highlights the global success against Covid-19 during the last three years. Let us pray that Allah SWT protects us and our loved ones from harm and blesses us with good health constantly. We are delighted to witness the academic community's commitment to carry on their research and other scholarly endeavors. This issue mostly publishes articles on Islamic economics and finance with unique practices throughout Indonesia that can be summarized on a variety of topics, including accounting, the zakat system, halal tourism, Islamic banking, capital market, and microeconomics. We have selected the 13 top papers to present to you, and we are certain that each one stands out in its own unique manner.

Methodology

All of these submissions have been through at least two rounds of review by our editors and reviewers before being accepted for publication. All comments made by reviewers were carefully considered before a final decision was made. After that, the papers will go through editing, proofing, and layout, during which our editor(s) will be in close contact with the writers as necessary. Each published manuscript must have passed a quality control procedure.

Distinctive Accounting Cases

It starts with a one-of-a-kind study by Kamilah et al., which analyzes and evaluates *jula-jula* as an accounting and economic practice among the Muslim community of North Sumatra, Indonesia. The results provide insights on the link between *jula-jula* as an accounting and economic practice and cultural accounting, management accounting, behavioral accounting, and Islamic economics by using a descriptive and qualitative examination of indigenous knowledge. The research results provide an answer to a problem that has been present in accounting and sharia-based public financial planning.

The second exceptional accounting case was analyzed by Muddatstsir et al., who concentrated their research on the accountability practice in *dayah*, which are traditional Islamic boarding schools located in Aceh. It was discovered that the *dayah* institutions in Aceh have not fully complied with the financial accounting standards outlined in PSAK 45 by the Institute of Indonesia Chartered Accountants (IAI), specifically concerning the financial statements of non-profit entities, which include the disclosure of financial statements, activity reports, cash flow statements, and notes to financial statements. Therefore, it is essential to accelerate the improvement of financial reporting in *dayah* institutions. The findings also indicate that *dayah's* perspective on financial responsibility is a moral concept that upholds the values of honesty, open communication, and concern for fulfilling organizational responsibilities regarding the use of public funds.

Maulida et al. investigated another unique accounting case, focusing on the Islamic accounting connection to the *bhubuwan* tradition within the Bangkalan community of Madura, East Java. Taking Islamic principles like friendship, brotherhood, trust, generosity, and sincerity as a starting point, it seeks to examine the meaning of 'payable' in the *bhubuwan* tradition. The results demonstrate that the term payable is understood in a broader context than just an obligation, as the preexisting accounting concept implies. Rather, it is understood as a family relationship and a measure of mutual tolerance and trust. The concept of sharia accounting has been incorporated into the local culture because of the importance placed on trust between communities in debt and credit transactions. It is anticipated that the *bhubuwan* concept of payable, and accounting concepts more generally, will alter the way humans think about payable.

Meanwhile, Cahya et al. discuss accounting practices at the normative level. The researchers set out to apply Derrida's deconstructive semiotics to accounting professionals' and non-accounting professionals' understandings of profit-sharing and to conduct a deconstructivity semiotics-reading of the text relevant to those readers' understandings of profit-sharing. Using Jacques Derrida's philosophy as an example of deconstructive reading, the data analysis takes a rhetorically deconstructive approach. The research demonstrated that deconstructive semiotics analysis captures some realities, such as (a) profit sharing as a guarantee for any profits or losses from the outcome of a business that two parties agreed upon, (b) profit sharing as justice, justice for each party's rights and obligations under the business cooperation agreement, (c) profit sharing as an agreement and responsibility, the type of agreement that occurs at the outset of the collaboration, and (d) profit sharing as an agreement and responsibility that occurs during the collaboration. This research elucidates the significance of the reality of profit sharing and the various meanings of the term.

Distinctive Zakat Cases

Another topic addressed in this issue is the zakat system, which is presented in three papers. First, Pranata et al. utilized 250 respondents to investigate the determinants of zakat payment at the National Zakat Agency *(Badan Amil Zakat Nasional - BAZNAS)* of South Sumatra Province, Indonesia, with electronic word of mouth (EWOM) as the mediator variable. The findings reveal that EWOM strengthens the positive relationship between influencer endorsement and the decision to pay zakat at the BAZNAS. When EWOM was included as a moderator variable, the impact of influencer endorsement on zakat payment decisions was shown to be significantly stronger. The finding implies that the BAZNAS of South Sumatra must play an optimal role in utilizing public figures to promote the BAZNAS' features, as well as increasing information about BAZNAS on social media so that *muzakki* are interested in paying zakat through BAZNAS.

In the second study, Lubis et al. studied the factors that prompt *muzakki* to pay agricultural zakat to institutions in Indramayu, West Java, Indonesia. The study found that the decision of the farmers to pay agricultural zakat through the institution is significantly influenced by four factors: the level of religiosity of the farmers, their understanding of zakat, the awards or appreciation they receive, and the quality of the service they receive. For institutions to maximize the collection of agricultural zakat, they should be innovative and provide services like zakat pick-up and a zakat activity report for *muzakki* on a regular basis. In addition, these services should be free of charge. In addition, for institutions to effectively communicate the significance of paying zakat and the benefits that it provides, the institutions themselves need to strengthen their collaboration with the local authorities and religious leaders.

Third, Khotimah et al. conducted a zakat study, which specifically examined the Muslim community's perception of tax-deductible zakat in Indonesia. The questionnaires were distributed to 543 Muslims from various parts of Indonesia. Using Structural Equation Modeling with PLS version 3.0, the results demonstrate that religiosity, the legal aspect and trust, and satisfaction have a positive and statistically significant effect on performance, whereas the halal-haram aspect and motivation have a negative and statistically significant effect on the tax deduction of zakat.

Distinctive Halal Tourism Studies

Another distinctive topic discusses in this issue is halal tourism. Two authors were specifically presenting this topic in their own way. Prawiro, for example, investigated the relationship between religion and socio-cultural identity on the island of Lombok in Indonesia in order to assess the potential of halal tourism. He reached a conclusion based on a review of the literature, semi-structured interviews that rely on social responses, and an anthropological approach, which he supported with data and information from credible sources. In addition to local culture, he discovered that religious teachings influence the adoption of halal tourism in Lombok positively. Principles of Islam, as well as those adopted by society and used as a reference in its daily activities, are manifested in the form of material culture. Furthermore, the interaction between these data supports the existence of a symbiotic relationship between religion, culture, and the tourism business on the island of Lombok within the context of halal tourism. This relationship is exhibited in the form of constructive support between religion, culture, and the tourism business.

Next, Ismanto and Devy sought to describe public perceptions of Pekalongan City’s readiness to become a halal tourism destination in terms of its infrastructure. They found that locals have a positive impression of the city's infrastructure for tourists in terms of its attractions, accessibility, environment, and conveniences. From this viewpoint, it can be deduced that Pekalongan City is deserving of status as a halal tourism hotspot. One gets an overall good feeling, but improvements could be made in many areas, including places of worship, public restrooms, the security and comfort of tourist attractions, and more. Investment in tourism-related infrastructure is suggested as a means of enhancing the quality of services provided by the local government. It concluded that the development of a prosperous halal tourism industry in a given area is likely to lead to the growth of halal businesses that are appealing to Muslim travelers.

Distinctive Islamic Banking Practices Compared to Other Nations

In addition to the aforementioned topics, this issue explores the distinctiveness of Islamic banking practices in Indonesia compared to other countries, particularly Islamic countries. There are two articles that specifically compared the performance of Islamic banking in Indonesia with its counterparts in other Islamic countries. First, Muliani et al. examined the effects of inflation, total assets, foreign direct investment (FDI), and gross domestic product (GDP) on the net income of Islamic banks in the Middle East. The findings indicate that the current income of Islamic banks will have both positive and negative effects one year earlier. Meanwhile, over the previous two years, the gross domestic product had a negative impact on the net income of Islamic banks in Middle Eastern countries, whereas total assets had a positive impact. Furthermore, neither inflation nor FDI has any effect on net income. Islamic banks in the Middle East have significant accumulated assets that can be used to increase their net income. Furthermore, the GDP has a negative impact on the net income of Islamic banks. This demonstrates that public enhancement income was redirected to safer, more profitable, and less risky sectors such as mutual funds, real estate, and stocks rather than Islamic banks. As a result, an increase in GDP, as well as total assets, is required to boost Islamic banks' net income in the Middle East.

Second, Falikhatun and Mudrikah delved deeper into the influence of intellectual capital dimensions on Sharia banking's profitability ratio. This study distinguished between fixed and random effects using the Hausman test and panel data from 34 companies from 2015 to 2019. The ratio of profit made to total assets is called the Return on Assets (RoA). Using samples of sharia banking institutions from OIC nations including Indonesia, Malaysia, Bangladesh, and Pakistan, they discovered a positive correlation between intellectual capital dimensions and the profitability ratio. The profitability of sharia banks in OIC member countries is moderately affected by human capital and structural capital, but not by relational capital.

Distinctive Capital Market and Microeconomic Practices

This issue concludes with a discussion of Indonesian capital markets and microeconomic practices. Wardiwiyono and Imron discussed the sukuk rating in the capital market, emphasizing the importance of information for investors before purchasing sukuk. This research aimed to identify the factors that influence the rating of corporate sukuk in Indonesia. Its goal was to answer three research questions about the impact of sukuk rating on 1) financial performance, 2) sukuk maturity, and 3) sukuk structure. The findings of an ordinal logistic regression show that firm size and sukuk maturity have a positive impact on corporate sukuk ratings for nonfinancial sukuk issuers in Indonesia. The findings are consistent with signaling theory and agency theory.

Meanwhile, Candra and Helmalia highlighted microeconomic practices and discussed the connection between social media addiction, household spending, and the effect on family ties in West Sumatra Province, Indonesia. The empirical findings indicated that household spending has a significant negative effect on family ties and that social media addiction among both parents and adolescents has a relatively significant negative effect on family ties. The relationship between household spending, social media addiction, and family ties have not been moderated by marital status, and the pattern has not been observed across all categories of household spending. Moreover, adolescents from divorced homes are susceptible to social media dependency.

Conclusion

This edition mainly contains papers on Islamic economics and finance with distinctive practices across Indonesia. We have summarized these articles on a number of themes, including accounting, the zakat system, halal tourism, Islamic banking, the capital market, and microeconomics. We have also narrowed our focus to the 13 best papers, and we are confident that each one stands out in its own unique way. I would like to use this opportunity to express my gratitude to all of the editors, reviewers, and admin staff who have contributed in any way to the journal's daily operations. In addition, I would like to extend an invitation to practitioners as well as academics who are currently working on Islamic economics and finance to submit original research papers. For questions or inquiries, please contact us at: jurnal.share@ar-raniry.ac.id

Wassalam,

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