

## ABSTRACT

The theory of legitimacy explains that the company seeks to equalize its values with the values that exist within the community in order to gain legitimacy as well as the company's expectation to increase its profitability. In an effort to achieve the legitimacy, the company made various efforts by contributing to community development. Previous research testing this results in inconsistent results where the company's contribution to society does not always improve its profitability. This research seeks to prove the phenomena described in the theory of legitimacy by using the population of sharia banking in Indonesia.

Sampling is done by purposive sampling method at sharia banks with *Bank Umum Syariah* status in Indonesia recorded by *Otoritas Jasa Keuangan* so that obtained 12 samples of sharia banks. Research conducted in the period 2012 to 2016. Testing is done by multiple linear regression method.

The results showed, in Islamic banking in Indonesia social responsibility activities affect the financial performance of the company. This research also include several corporate governance aspect as moderating variable where CEO gender composition and the size board comisioner proven to moderate this relationship. From this research, it can be concluded that the bigger contribution of company to society development, profitability of company will get positive impact.

Key words : financial performance, sharia banking, *CSR*, and corporate governance