The Influence Of Manager Abilities On Sharia Mutual Fund Performance(Study In Indonesian Sharia Mutual Fund)

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ABSTRACT: This study aims to describe and analyze the influence of Managerial Abilities on the Performance of Mutual Fund Shares. This research was conducted at the Indonesian Islamic equity funds in the observation period 2009-2012. Based on the defined criteria, using judgment sampling method sampling. The study observed 9 sharia mutual funds, methods of data analysis using Smart PLS. The findings of this study is the increasing Managerial Abilities Mutual Fund Performance Shares Sharia cause the Performance of Mutual Fund Shares Sharia also increased. The theoretical implication is giving reinforcement to the CAPM theory. The study recommends management of sharia mutual funds should be able to increase the managerial ability so it can affect investors invest.

KEYWORDS: Managerial Abilities, Sharia Mutual Fund Performance

I. INTRODUCTION

In general, the purpose of investment in money market capitol market is to expect the rate of profit. Level of profit in the stock market is the form of securities, especially stock expected profitability is higher than that invested in the money market, the form of deposits. It is associated with the risk of investment, investor in addition expects investment return will always beat the risk. The biggest risk in investing is the loss of the entire invested amount. Investors are faced with a variety of choices in determining its resources for current consumption, option investment in various types of investment instruments. According to Reilly and Brown (2012: 3), the commitment to deposit to save money during a certain period of time, the hope to obtain funds in the future to compensate investors for the sacrifice of inflation and earnings in the future (Reilly and Brown, 2012).

According Jogiyanto (2011: 58), the investor can invest directly (direct investment) or indirectly (indirect investment), direct investment that investor invest in buying direct financial assets that can be traded in financial markets (money market), while the indirect investment (indirect investment) is an investment made by purchasing shares of the investment company that has a portfolio of financial assets from another company. Indirect investment can be done by investing in mutual fund investment company (mutual fund). If the view is based on the overall risk of the investment, the participation of domestic investors in the capital market is still relatively small. This is due to the securities industry in Indonesia is likely not to invest in an amount sufficient to develop infrastructure development of the domestic capital market. Other hands, suspected psychological effect (which is typical of developing countries) that people prefer to avoid the risk that arises when investing in the stock market. Investment instruments such as savings bonds become the first choice, because of the risks covered by relatively small but providersurt that remain, small and uncertain. Tostimulate the domestic market, it would require capital market products which have the characteristics of a relatively small risk with a given level of income, relatively competitive investment in mutual fund, both the conventional mutual fund or the portfolio of Islamic Sharia. Analysis conducted by investment managers (MI), so they perform evaluation MI mutual fund that reflects the managerial ability is a must for investors to reduce the risk of mutual fund portfolios by sacrificing returns. Managerial Abilities on financial instruments mutual funds equity portfolio management can be performed in the active category. Managers actively trying to "beat the market" by forming a portfolio that is able to produce actual returns (actual return) which exceeds the expected risk adjusted returns (Reilly and Brown, 2012).
In other words, investorshavediversecharacteristicsands the degree of risk aversionthatisdifferent, therefore theportfolio managementinan efficient marketistillrequired. According to Bodie et al (2012), the roleof Miinan efficientmarketstioestablishportfolioshat meetstall thecriteriofinvestorstobeatthe market. The role of managerialabilitiesormudharibinlinewiththe principle of mudaraba, which is obligedtocarry outthe management of thefundsbelong to the investors. Themanagement the form of investment fundsinvestors investment instruments in accordancewith the values of shari'a, which does not contain elements of usury, unlawful elements, elements of gambling (maysir) and speculativeelementrisk (Umam, 2013: 147). According toto search Fama (1972) statement that the performance of investment managerscan be divided into two, namely the StockSelection and Market Timing Abilities. Market timings is a measure of the ability of these portfolio management to anticipate changes in the market, where the market will decline when the manager changed the composition of its management portfolio security, with volatility and advice versa (Manurung, 2004).

The pureform of the timing of the market (market timing) activity involveshifting fundsinbetween market index portfolio with safe assets (Bodie, 2012). Stock Unmatched portfoliomanager's ability to choose the appropriate securities, selecting securitieswill contribute to the expected high returns (Bodie, 2012). In addition to focusing on returns adjusted for risk, practitioners often want to know what the decision will result in superior performance or inferior. Superior performance of investment depends on the ability of select securities that is good at a given time. The ability of a market timing and stock selection is that it can express itself in general the best securities for fixed income securities and stock market performance. Studies of managerial abilities and their influence on the performance of mutual funds and debate about the role of managerial abilities. Can improve the performance of mutual funds.

Studies suggest that managerial abilities reflected by market timing and stock selection is improving the performance of mutual funds are curvilinear relationships (linear curve) between selection intensity and too much performance and have better performance in mutual funds that inherently stock of company have positive relationship with the local community or the form of social responsibility investment (Barnett and Solomom, 2006; Leet, et al, 2010). Mutual fund that investsin companies that adopt policies that focus on community involvement will better performance (Renneboog et al, 2008). Investors who choose a(es) Investment Manager (MI) who have exceptional information and determine the compensation system in such a way that it will encourage manager to be better (Bhattcharya and Deleiderer, 1985). Some studies have shown the influence of managerial abilities on reflected by market timing and stock selection find fund performanceoppositeresult that (1) Manager can choose the level of market risk they face, by combining them market beta, bull, and bearish market beta and market beta in its analysis (Chang and Lewellen, 1984; Konand Jen, 1979; 2).

Positive strategy selection (positivescreening) producea better financial performance than the negative selectionstrategy (negativescreening) in a portfolio consisting of companies that have good performance and damages some EGII issues (environmental, social, and governance) in particular (Kempf and Osthoff, 2007). Islamic mutual funds with the principle of mawalawali where MI is the representative investor is required to implement optimal management activities and does not deviate from the values of shari'a and are guided by the precautionary principle (prudential principle), cash flow management becomes crucial. Good cash flow management by MI ensures smooth investors to purchase (subscription) and sale (redemption). Islamic mutual funds. Performance of mutual funds do not just look at the level of return generated, the level of the manager, but also other factors such as the level of risk (Reilly and Brown, 2012). In order to build a mutual portfolio that will provide returns consistent with the risk of the portfolio.

Management of a company, whether profit-oriented or not, will always be faced with the decision for the future. Both the poor decisions madedependent and determined by the information used is the ability of management to analyze and interpret. According to Reillyand Brown (2012), the future performance of the company is dependent on the ability of management to analyze and interpret. According to Reilly and Brown (2012), the future performance of the company is determined by its ability to analyze and interpret the information used. Islamic mutual funds also important because the existing Islamic principles in operation mechanism, intimate linked with the principles of good corporate governance (GCG). Shari'a principles more emphasis on the results (profit sharing), so there are no loss in business (Effendi, 2009: 130). According Alfansi (2010: 35) stated the complexity of off-finance products is relatively high, therefore the investor should be functional attributes of product to evaluate the quality of services and financial services for selected products. Islamic principles in the relationship between human beings in acquiring and developing property of Islamic rules economic activities undertaken by humans (Mardani, 2012: 3). Then the operating mechanisms in Islamic mutual funds in the form of consent statement and qabul must be declared by the party to demonstrate their will to enter into a contract (contract) in exchange for forbiding and may not be canceled by another party.
This will build an investment portfolio that will provide an arate of return consistent with the risk of the portfolio. Operating system-based on Wakalah Islamic mutual funds and mudaraba, demanding role of managerial abilities on improving the performance of Islamic mutual funds into the most crucial factor in the study. Incompatibility empirical evidence of research elsewhere that need to be studied, as opposed to the theory of active equity portfolio management strategies to improve performance should be observed. This study develops relationship variables managerial abilities and performance of Islamic stocks and mutual funds. To fill the research gap, Sharpe (1966) and Arugaslan et al. (2008) found that the research results are inconsistent with the performance of mutual funds using risk adjusted performance. Sharpe (1966) found that the performance of mutual funds can be evaluated with a modest size but theoretically meaningful measure the average risk and average return. While Arugaslan et al. (2008) found that the mutual fund where the highest average return will be the average risk return with the results of the study as stated previously. The discovery of Arugaslan et al. (2008) in line with Islamic mutual funds, where the factor returns are the main thing. These investments have not been considered in the research of fundamental and technical analysis for level of risk. The reason for choosing this field of observation object due to its contribution to the net asset value is still small, but has a great chance to develop based in the Islamic capital market in Indonesia.

II. LITERATURE REVIEW

Shariah Mutual Fund

Islamic mutual funds are represented to the public in an effort to face the globalization that Muslims faced with the reality of growth in fast-paced world and sophisticated, including inconsistencies in the economic and financial problems. But for the Muslim community, the field of study has been seen in depth, because it was developed from conventional financial services value-neutral and religion (Riva et al. 2010: 439). One of the majors is developing this at the time in the Indonesian overseas mutual fund known as the "Unit Trust" or "Mutual Fund". Each something in muamalah atul all Shari' a law is concerned with the affairs of others. That the activities in a person's life such as buying and selling, exchange, borrowing and so is allowed as long as not contrary to Islam. God commanded the people who believe in order to fulfill the contract they do. The terms of the agreement in contract are the conditions that determined the Muslims, while not violating the teachings of conventional Islam. Muslim fund contracts have conditions that are consistent with the stock market and so on. But if there are also other things that are contrary to Islamic principles, both in terms of the contract, operations, investments, transactions, and profit sharing. So that the fund business is long as it does not conflict with the Islamic principle of mutual syariah. Islamic mutual funds are acceptable as financial products that will continue to evolve and will raise money from people who cannot ride a gash to invest in mutual funds.

On the other hand, Muslims should be able to compete in the economy in an effort to prepare for globalization that is difficult to avoid. The presence of Islamic mutual funds is an attempt to make way for Muslims to use muamalah and build up the property in a way that it is valuable. In addition, Islamic mutual funds provide a means for Muslims to participate in national development through investment laws in Islamic laws. Akad between investors and institutions should bedenewith skies mudaraba/Qiradh which should be done in the form of the Shariah contract between investors, in which the form of Shariah contract between investors, and institutions which should be done with the system mudaraba. Technically, mudarabas are businesses cooperation contract between two parties where the first party provides the entire capital, while the other becomes the manager.

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The Influence of Manager Abilities on Sharia Mutual…

Mudarababusiness profits are divided according to the agreement set forth in the contract, whereas the loss, borne by the owners of capital loss, is due to negligence or the management. If the loss was caused by fraud or negligence of the investor, the managers should be responsible for the losses. Interns of buying and selling, shares in Islamic mutual funds are traded. The share in mutual fund is Shariah (malls) are allowed both in trade and in as stock transactions because the value of shahe is clearly determined. The stock prices formed by the supply and demand. Allissued shares in mutual funds recorded in the administration account and mention must be made with a clear price. Several criteria have been developed by some of Shariah boards or Shariah institutions in the world of business activity both qualitative aspects (filtering based on the business activity) and quantitative aspects (filtering based on financial factors), among others, according to the Shariah Advisory Malaysian Council (SAC), the Dow Jones Islamic Market Index (Djim), The International Investor Financial Times Stock Exchange (FTSE-TII), Meesan Islamic Fund (MIF), and the National Sharia Council (DSN).

**Portfolio Management**: Portfolio management is a process conducted by investors to manage money that is invested in various portfolios. Portfolio management is seen as a systematic process that involves the application of systematic criteria to select the portfolio. The process involves setting investment goals and criteria, selecting the portfolio, and managing the portfolio. The process of portfolio management requires the determination of investment objectives, setting targets, and making decisions based on the analysis of market conditions and the performance of the portfolio.

**Trade-off between expected return and risk tolerance**: The trade-off between expected return and risk tolerance is a fundamental concept in portfolio management. The trade-off is different for individual investors within institutional investors. There are significant differences between individual investors with different risk tolerances. These differences affect their portfolio strategy. Therefore, understanding the behavior of two groups of investors is very important in determining the target groups of investor strategies. Investment return and risk of individual investors is determined by the purpose and the set of constraints and rules. Institutional investors, for example, are subject to a variety of institutional constraints. The trade-off between expected return and risk tolerance is determined by the investor's risk profile and the level of risk tolerance that must be faced.

**Portfolio Performance**: Cash has the opportunity cost of the form of cash, which is borrowed. The opportunity cost of inflation, the purchasing power of money reduced, with an additional rate of inflation brought by rapid decline. The purchasing power of money is reduced, with an additional rate of inflation brought by rapid decline. Furthermore, the state of inflation, the purchasing power of money is reduced, with an additional rate of inflation brought by rapid decline. Inflation and the purchasing power of money reduced, with an additional rate of inflation brought by rapid decline. Therefore, should be considered the otherside of the return, which is risk. Investor's return is possible. Risk is defined as the uncertainty of the actual return to be gained from an investment. Markowitz investment studies significantly alter the measure of risk as a statistical measure, the variance or standard deviation. This allows the measure of risk to be compared with various assets and comparing the risk-averse.
investors. It's easy to say that investors do not like risk, but rather, weshould say that therisk-averse investors. An investor avoid risk will not run the risk if simply for its own sake, and will not give rise to a certain level unless there is adequate compensation expectation because he/has made luck enough. Investor risk by choosing (implicitly or explicitly) the amount of risk they are willing to incur, namely, they decide the risk tolerance. Some investors choose to incur a high level of risk in the hope of higher returns (Jones, 2009). Various investor behavior toward the view of risk and return associated with the characteristics of investment will be re-invested in instruments will be selected (Gitman and Joehnk, 2008). The logical conclusion of investor seeks to maximize profit risk tolerance constraints and other obstacles that may apply (e.g., taxes).

Risk and return risk offlex ante, which means "before the fact": That is, before the actual investment, investors expect higher returns from assets that have a high risk. Ex post means "after the fact" or when it is known what happened. For a certain period, such as a month, year, or several years, the trade-off of an investment with a lower return or higher risk is generally carried out in the investment market. The risk in the Islamic perspective is confirmed on the uncertainty of the environment in the future. Man can not know with certainty what will be earned tomorrow. This means that if the situation encountered is uncertain, there will be uncertainty. Although uncertainty, but humans are required to take action. Financial management approaches recognize this fact, which is when faced with uncertainty, investors are trying to speculate, predict, and understand the future with information. The existence of information and relevant information will be assessed by investors. The risk of the future is more than the risk that can be calculated precisely. The decision-making-making may not be real-time when there is no information or the conditions of uncertainty about the future.

Stock Mutual Fund Performance: Investments in equity funds in terms of Shariah active portfolio management theory is a stock portfolio strategy implication that is generally carried out in the investment market. The investment manager's job is to choose the best stocks and shares included in the portfolio, so that investors can gain the benefit of risk reduction without reducing returns. In addition, investors can also actively buy undervalued stocks and sell overvalued stocks, obtain capital gains (Bodie et al., 2005). Role for portfolio management implies that the portfolio manager's tasks include: (1) choosing the best stocks and shares included in the portfolio, (2) assessing the screening and selection of changes to the diversified portfolio approach using the efficient portfolio, (3) the performance of the portfolio and the risk is calculated and compared to a benchmark. The results obtained were compared with the benchmark to see if the investment manager's job is not accurately predicted returns but predicted accurately by the market return. The selection of portfolio assets is a strategy chosen, in this case, knowledge of the market timing. Therefore, the investment manager's job is to select assets, especially for active portfolio strategy in this stage investment manager seeks to form an efficient portfolio that will provide high returns on a certain level of risk.

Measurement of the performance of the portfolio and the risk is calculated and compared to a benchmark. The selection of the benchmark must be careful. The results obtained were compared with the benchmark so that the investment manager's performance is measured. Fama (1970), classify form efficient market into three Efficient Market Hypothesis (EMH), namely (1) Weak Hypothesis, means all information in the past (historical) will be reflected in the prices established now. The implication is that investors will not be able to predict the value of the stock market in the future by using historical data, as it is done in the technical analysis. (2) Semi-strong form hypothesis, meaning that the market price has reflected all the information on the market. The information absorption is quickly by the market, notho normal returns prolonged, (3) Strong form hypothesis, meaning that the market price has reflected all the information on the market.

If the efficient Markovian hypothesis occurs, then the investor argues that rather than investing actively managed mutual fund with the cost to be expensive, it is as good as his investor's buy and hold strategy and use the index fund. But as investors shelve various characteristics and levels of risk, the value of an asset is different, then the portfolio management is efficient market is still needed. Bodie et al. (2005) stated that the role of the investment manager is to efficiently manage the portfolio to meet all criteria of investor's benefits, and the performance of mutual funds. Pengurudone (user) using risk adjusted performance. Several approaches of risk adjusted performance among others were work along with the risk-adjusted Sharpe.
Treynor index, JensenIndexAlpha and Appraisalratio (Jones, 2003) which measures the (alpha) in conjunction with the systematic risk, this ratio tends to be used to measure the performance of mutual funds managed by an investment manager with active management. This ratio measures the abnormal return per unit of risk. Reilly and Brown (2012). Four measures of performance that combines equity portfolio risk and performance back to a single value that is TreynorPortfolioPerformanceMeasure, SharpePortfolioPerformanceMeasure, JensenPortfolioPerformanceMeasure and The InformationRatioPerformanceMeasure.

Treynor (1966) developed the first composite measure the performance of a portfolio that includes risk. Treynor (1966) promoted the two components of risk is the risk generated by market fluctuations in general, and unique risk due to fluctuations in portfolio securities. To identify risk due to market fluctuations, Treynor (1966) introduced the characteristic line, which defines the relationship between the backtest managed portfolio and portfolio returns. The slope of this line is the portfolio beta coefficients. A high slope (beta) portfolio characteristics are more sensitive to the market returns and have a greater market risk.

Deviations of the line indicate the characteristics of unique to the component returns relative to the market portfolio. In a fully diversified portfolio, uniqueness can be eliminated. There is no correlation with the market portfolio increases are unique risk reduction and diversification improved. William Sharp, known as rewardto-variability ratio (RVAR) develop SharpPortfolioPerformanceMeasure. Jones (2002) argues that "Sharpe's measure of portfolio performance calculated as the difference between the portfolio excess return and standard deviation". Sharpe's size is calculated by dividing the risk premium return on a portfolio with a standard deviation. Risk premium is the excess return over the risk-free return, while the standard deviation of the portfolio is the total risk.

Jensen (1968) developed the JensenPortfolioPerformanceMeasures that was originally based on the capital asset pricing model (CAPM), particularly with respect to Capital Market Line (Reilly, 2002; Sharpe 1966).

Performance measurements are similar to the Treynor measure, but trying to measure the total portfolio risk using the standard deviation of returns rather than just considering the systematic risk. The numerator is the portfolio's risk premium, this measure shows the total risk on the market. Therefore, this measure portfolio performance using the Capital Market Line (CML) to compare the portfolio, while the size of the portfolio check portfolio performance in relation to the SML. Finally, the standard deviation can be calculated using either (1) returns of the total portfolio or portfolio returns (2) which exceeds the risk-free rate. Jensen (1968) developed the JensenPortfolioPerformanceMeasures that was originally based on the capital asset pricing model (CAPM), which calculates the expected return of the period as the security in portfolio. Expected return and risk-free returns vary for different periods. Jensen (1968) Difference of formulaReturnMeasurethe measurement basis of the concept of Capital Asset Pricing Model (CAPM). The difference is calculated as the rate of profit rate of divergence of return and expressed with alpha. Then the InformationRatioPerformanceMeasure closely related to the statistics presented are widely used measure of the performance of the four risk ratios of information. This statistic measures the average return on the portfolio or more than that of a comparison or benchmark portfolio divided by the standard deviation of excess returns.

### III. MANAGERIAL ABILITIES

Evaluating the performance/capability of an investment manager is very interesting topic for practitioners and academics. For practitioners, these evaluations provide useful assistance for efficient allocation of investment funds among managers. For academics, significant evidence of the superior forecasting skills would violate the efficient market hypothesis. According to the concept of portfolio performance divided into two dimensions, namely the ability of the portfolio manager to forecast the risk that the portfolio manager (through efficient diversification) arising from portfolio holdings (Jensen, 1968). Meanwhile, according to research by Fama (1972) stated that the performance of investment managers can be divided into two, that is, Stock Selection Skill and Market Timing Ability. Stock selection is the investment manager's ability to choose to form an asset portfolio that is expected to be diversified to provide the expected return in the future. More investment managers often rely on the ability of the portfolio manager to invest in normal and abnormal returns (superior). Selection is based on forecasts such as event forecasts of company and individual security prices (Kon, 1983). Market timing is an investment manager's ability to take the right policy in buying and selling securities to form an asset portfolio as fast as possible. The market timing is the success of forecasting or realization of the investment portfolio. If the investment manager believes can produce better than the average estimate of the market return, the manager will adjust their strategy. 
portfoliorisk levelsin anticipation ofchanges in the market (Kon, 1983). Calculating stock selection and market timing can be used a model of Treynor-Mazuy (1966) which states that when the value of (\( a \)) positively and (\( c \)) negatively means that there is the ability of selectivity and wheren the value of (\( c \)) positively means that there is market timing ability. It is indicated that mutual fund managers generate greater than market return excess. According to Bhattacharya, et.al (1986) that the quadratic regression model is measurement valid from market timing performance measurement can be used to manage the stock quality of the timing information and detect the existence of selectivity in the information. Form used in two models. The second method proposed by Henriksson and Merton (1981). Both stated that the beta portfolio has only the average return value of the market, predicted to be strengthened and a small value if it is not increased. Henriksson (1981) estimated the equation 116 mutual funds during the period 1968 to 1980 and showed little evidence of market timing ability.

Perhaps this should be predicted by the amount of value that would be obtained by determining the times to age. Berfokus market returns adjusted for risk, practitioners often just want to know what the decision will result in superior or inferior performance. Superior investment performance depends on the ability to select securities that good at the right time. The ability of market timing and security selection is to be expressed in a general way. The stock market is in a state of selection, it can be defined as detailed level, such as select stocks performed relatively better in an industry. Investors can determine the exact timing of market and shift funds into mutual funds when the period where the market will rise, then the Security Characteristic Line (SCL). If reinforcement or lethargy predictable market, investors will shift more money into the market when the market will strengthen. Beta portfolio and tilt SCL will be higher when the market returns higher.

**Relationship of Managerial Abilities with Shariah Stock Mutual Fund Performance**

In the mutual fund industry, investment managers play an important role in managing the portfolio securities of the mutual fund clients who are used to the mutual fund to make effective portfolio management for the group of customers who invest in mutual funds. But does not include insurance companies and pension funds. The depth and accuracy of the investment manager to conduct market research when compared to mutual funds managed by other companies plays an important role in the success of managing mutual funds (Faith, 2008). Investment managers are conducting their operations to manage the funds. The increase in market return is increased by the fund of funds by customers. The fund will eventually be invested in various securities portfolios known as mutual funds. Active portfolio management with election on the stock by entering stock that provide high return, and issued shares giving losses on the portfolio aso ge better in the return than the market, it is referred to the ability of the stock selection.

While the manager's ability to choose the right time to make the purchase and sale of shares of mutual fund portfolios called market timing ability (Bodie et al., 2005). Of the various explanations that we can strive to conclude that the mutual fund industry is an industry break through to facilitate public access to the capital market and help investors to acquire the object of performance in accordance with the desired investment. Bodie, et al. (2005), suggests that active portfolio management strategy to establish a portfolio of risky assets that will maximize the risk of yield to variability. One of the most widely used models in financial literature is measure the ability of stock picking and investment timing of mutual fund managers are proposed model Treynor and Mazuy (1966). The existence of the relationship between return form mutual fund and return to the market, which means that the manager's increase in market exposure (market value) of the specific risk in the event of an increase in market returns, and vice versa will be done when the market returns. It specific in investment must make sure that the portfolio is relevant, feasible and known in advance, which means that the portfolio should demonstrate a portfolio of possible alternatives that should be selected in the investment portfolio will be evaluated and opened itself (Bodie, et al., 2005). Kon and Jen (1979) developed methodology to evaluate the selectivity of timing and efficiency of the mutual fund market. They propose an alternative approach to optimizing time capabilities in the traditional model of a single index. Kempf and Osthoff (2007) found that positive selection strategy (positivescreening) resulted in a better financial performance than the negative selection strategy (negativescreening), in which the findings were obtained from a portfolio of companies that have a good and abad achievement in some issues ESG (environmental, social and governance) and not obtained from a particular sample of fund from Socially Responsible Investment (SR) mutual funds.

**Empirical Studies**

Ferrusetal. (2012) showed that religious mutual fund has an negative financial performance, and its performance is lower (underperform) than the market. While the conventional mutual fund manager has a performance equal to the index of market benchmarks. This finding remained consistent when controlling the coefficient that varies over time (time varying) without conditional performance model multifactorial. Form market
timingabilityandstock picking, using traditionaltimingmodelswebanveritythat theconventionalmutual fundmanagerand therelease areequallyincapable of doingmarket timing. But religious mutual fundshave
negative stock picking ability while conventional mutual fund managers have an non-significant coefficient alpha. The religious mutual fund managers can not do timing against all forces or factors were studied. However, the conventional mutual fund manager can perform timing of the size factor and factor against the book value or the market value. In addition, the conventional multifactorial models elsewhere, the conventional mutual fund managers also has negative stock picking ability although still better than religious funds. From all the factors above, we reinterpret that the negative financial performance of the religious fund manager is because of the ability of the negative stock picking. Negative stock picking ability, that this could be due to the SR strategy that is usually applied to religious funds, namely the rejection of the shares of “sinsful”. Therefore, stocks “innocent” can generate a better risk-adjusted return than positive and abnormal. Empirical findings show that mutual funds do not have good performance when compared with the financial indices. This finding becomes motivation to investigate the possibility that the measurement of the performance of mutual funds may not be restricted to financial indicators, but also should include factors of non-financial. This study tends to explore the impact of these factors on the performance of non-financial mutual funds. Aside from re-searching the financial parameters, this study also analyzes the investment decisions using different perspectives or non-financial factor that incentive contracts, past performance, mutual fund attributes (size, type, destination, and category, cost of sales), the characteristics of the mutual fund manager (professional certification, seniority, experience, relevant market) will affect the performance of mutual funds.

Usually, the performance of mutual funds is done by using the theory of Capital Asset Pricing Model (CAPM), which uses the indicators of Treynor (1966), Sharpe (1966) and Jensen (1968), or using the models developed by Blake et al. (1993) and Blume and Friend (1973) to compare between funds with the benchmark portfolio and determine how the performance of mutual funds (e.g. Treynor et al., 1966; Jensen, 1968; Leand Rahman, 1990, 1991; Fabozzi et al., 1979; Daniele et al., 1997). However, the financial performance of mutual funds is not the only indicator that is considered by the institutional investment manager. The study tends to explore the performance of mutual funds, and the performance of the mutual funds also becoming an important reference for investors in making investment decisions. By making the selection based on personal and company information on mutual funds, investors can increase the utility and performance of their investment. So in the performance evaluation of the fund, the fund must pay attention to the attributes and characteristics of the mutual funds as a reference in determining the performance of mutual funds and fairness of the contract. This study used a size = square to evaluate the performance of international mutual funds using domestic and international benchmark index. Researchers found that mutual funds having the highest average return may be the fund with the level of risk that is not the fund that calculates the factored into the analysis. In contrast, the mutual fund that has a return adjusted standard, it will be very interesting when they are lower risk was factorized or calculated in their performance. After looking at the previous studies and the development of the literature, this study will develop earlier studies using more recent data and different samples to analyze the influence of managerial abilities on the performance of Sharia equity funds in Indonesia, with the aim to develop further empirical evidence that has been obtained by earlier studies in financial literature.

IV. RESEARCH METHODS

Research Design: In accordance with the title of the study, namely Managerial Abilities and Mutual Fund Performance Shares Sharia, then this kind of research is based on the problem, this kind of research is explanatory research (explanatory research) that aims to provide an explanation of the relationship (causality) between variables through hypothesis testing. Furthermore, based on the legality of the data, the researcher is post-Pacto, because the source of the data is derived from the publication of data from the companies, the objective of research and the cases are not in the research, the data is without engineering data. Then based on quantitative approach, this research is also called descriptive confirmation study, focused on confirming the theory to the theory that is force to the force of the research (limited), both for explanation and predictions.

Population and Sample: The population of this study is all companies included in the Sharia Mutual Funds included in the Stock Exchange which includes mutual funds: Mixed Sharia, Shariah Index Mutual Fund, Mutual Funds: Fixed Income Sharia, Shariah Protected Mutual Funds, Stocks and Mutual Funds Shariah, with 2009-2012. Observation year per period contained in Shariah Mutual in 2012 amounted to 51 companies. Samples were selected in this study type of sampling method, where the sample was chosen based on the considerations (judgment sampling). Judgment sampling involves the selection of subjects who are the most favorable or fit the best position to provide the required information (Sekaran, 2003: 137).
This research sample unit is sharia stock mutual funds companies in Indonesia. Observation period the company that made the study sample time span 2009-2012. Chosen year 2009-2012 was thereason span of four years from the company effective and sufficient to carry out the observation period in order to obtain representative sample.

Data Collection: Based on the datasource, the type of data required in this research is quantitative data. The quantitative data in the form of secondary data is data that is collected, processed, and presented by the other party, in the form of publication include the financial statements in Indonesian Sharia equity funds during the year 2009-2012, the stock mutual fund prospectus Sharia, the dataNet Asset Value (NAV) daily on the opening day of work, a sample list of Sharia equity funds active in the period January 2009 to December 2012. Data obtained from the Islamic capital market statistics, financial statements Sharia mutual fund sharestosubdivisions Monitoring and Analysis Reports Investment Products Directorate of Investment Management Services Authority Finance (FSA) Directorate of Sharia. For Stock Market Data collection techniques used to obtain the data documentation and discussion. Documentation is away to obtain data company documents in connection with this study is a way to copy file sharia equity funds and download financial data Islamic equity funds required.

V. DATA ANALYSIS

Based on the datasource, the form of financial statements will be grouped according to the target group, the data necessary for the second analysis, then calculated to obtain the data in accordance with the study variables. Data will be analyzed in this study a combination of series and cross-section data is called data pooling. The process of calculating the data is performed based on the formulation of each variable in the model. Linear data test assumption, used to determine whether the model was appropriate in describing the relationship between the variables studied, categorized into good model. Input for linear, testingsis independent and dependent variables are then processed with SPSS. Said to be linear or the conclusion is smaller significance level of 5% (p < 0.05), Testouter model (measurement model), used to measure the formative and reflective indicators. Formative indicators in this study are in managerial abilities, while the performance of mutual fund shareholders are reflective indicators. For formative indicators are based on descriptive content by comparing the magnitude of relative weight and significance of the size of the weight. While the reflective indicators are based on the loading factor. Factor loadings > 0.70s highly recommended, however, the value of the loading factor from 0.50 to 0.60 was considered sufficient (Solimun, 2010 : 177) The model in this study is said to be fit if supported by empirical data. Goodness of Fit Inner structural model in PLS form Q2. The model in this study was chosen year 2009-2012, the observation period for the company that has been described in the previous section in this study operationalized with market timing (MT) and stock unmatched (SS). Both of these indicators become the determining factors of the reasons why companies require their managerial capabilities (managerial abilities) in MI.

VI. RESULTS AND DISCUSSIONS

Managerial Abilities: Managerial Abilities (MA) from the investment manager (MI) provide useful assistance to the efficient allocation of investment funds for investors. Analysis of mutual fund investments made equity port folio management strategies enabled. This means MI actively trying to "beat the market" by forming portfoli o that can produce actual returns (actual return) exceeds the expected risk-adjusted returns (Reilly and Brown, 2012). The concept of portfolio performance is divided into two dimensions, namely (1) the ability of the portfolio manager to select securities and (2) the ability to minimize the risk of the portfolio manager (through effective diversification) arising from portfolio holdings (Jensen, 1968), The Fama (1972), in a study, stating that the performance capability of investment managers can be divided into two, namely the ability to stock selection and market timing. Based on the literature that has been described in the previous section in this study, operationalized with market timing (MT) and stock unmatched (SS). Both of these indicators become the determining factors of the reasons why companies require their managerial capabilities (managerial abilities) in MI.

The Influence of Managerial Abilities to Shariah Stock Mutual Fund Performance: Managerial abilities (MA) in this study was measured by the indicators that are formative. Indicators of market timing (MT) and stock selection (SS) form the managerial abilities of the investment manager (MI) in an attempt to manage the fund. Indicators of dominant form (M) stock selection (SS) or take the ability to select stocks forming a portfolio. Stock selection (SS) is also known as the indicator of the ability to allocate and predict the price of the securities in order to increase the portfolio abnormal return (superior) are able to create managerial capabilities (MI). Kon (1983) stated that the activity Stock Selection (SS) based on the forecast of special events company and individual security prices. Furthermore, market timing indicator (MT) do not form a variable MA.
The possibility that occurs in Islamic stock mutual fund that MWhohas does not have the ability to enter into amarketdoes not specify if the Supreme Courtto be good. Related to therelationshipofthisindicatorcan be interpreted that MCan be said notto havemanagerial skills for short-term (four-year period of observation), but for the long term remains to be investigated. Beltukbas is opening the market (market timing) activity involves shifting funds between market index portfolio with safe assets (Bodie, 2011: 862). Therefore, in addition to focusing on return adjusted for risk, investorsoften want to know what the decision will result in superior performance (abnormal) or inferior.

Investment performance superior or inferior MI dependson the ability to select securityesthat good at the right time. This is in line with Kon (1983) which states that the activities of market timing (MT) associated with the realization of forecast future market portfolio. IFMI surecan produce better returns than the average estimate of the market return, the manager will adjust their portfolio level in anticipation of change in the market. Marketing (MI) is the ability to anticipate market changes MI, where if the market will decrease the MI change the composition of the portfolio security managed low volatility and vice versa. The stock selection (SS) is a portfolio manager's ability to choose the appropriate securities (based on the forecast). Based on the results of the research hypothesis test, it is concluded that the effect of the Supreme Court of the KR is positive and significant. The magnitude of the effect of the function of the Court that the KR coefficient are positive and significant. The greater the significance of MA formed by the stock selection (SS), the greater the market that supports KR and vice versa. This fact is consistent with the findings of Ferruzeta (2012) which states that the negative financial performance of the religious fund managers are due to stock picking abilities or negative selection. Barnett and Soloman (2006) and Leet al (2010) also found that there is a relationship between the intensity of selection of kurvilinearity with financial performance. It is said that the relationship between the two variables is linear.

Managerial Abilities (MA) is an important factor when equity funds invested by establishing sharia Islamic stock portfolio. Managerial Abilities (MA) is a measure of the ability of MI in anticipation of changes in the market. Declining market conditions, the manager changed the composition of the portfolio security managed low volatility and vice versa. According to Rivalet (2010: 439) Islamic mutual fund san Islamic fund product development from conventional financial services. There fore measurement capabilities of mutual fund shares MA benchmark Sharia development in conventional mutual fund with regard to Islamic values. Rivalet (2010: 440), stating the contract (agreement) between investors and institutions shall be determined by the Islamic court. Sharia equity funds only place their funds in listed companies or third-party publishers of investment instruments that do not make it contrary to the halal principle of sharia, usury, gambling, pornography, illicit liquor (alcohol), pigs, and entertainment that is contrary to sharia and other laws. The role and task of the manager of the fund is to make a good portfolio management so as to ensure the investor's risk is managed well. The hypothesis is that Managerial Abilities (MA) affects the performance of mutual funds. Management (MI) has managerial skills for short-term, medium-term, and long-term. Therefore, in addition to risk-adjusted return, normal and abnormal, investors also want to know the ability of the investment manager (MI) to make decisions in the stock selection process. The hypothesis is that Managerial Abilities (MA) affects the performance of mutual funds.

The results of the measurement model analysis showed that variable Managerial Abilities (MA) significantly shaped by the Stock Selection (SS) and Mutual Fund Performance Indicators Shares Sharia (KR) is reflected by the Sharpe index, showing the investment manager's ability to pick the right stock (SS) in the portfolio, is able to provide yield (return) that is higher than the management of the portfolio management as the createa good prospect for the value of the index itself. Hasil line with the findings of this study Kemp and Osthoff (2007) stated that the strategy of positive selection (positive screening) resulted in a better financial performance better than the negative selection strategy (negative screening). Other findings are in contrast to the findingsof this research whereby the results of research by Munoz et al. (2012) which states that conventional mutual funds also have the ability to make decisions that are related to Sharia, Negative financial performance because of thefusal of ofen ban on usingshares "sinful" in thesecurities portfolio is because it does not fit in accordance with the rules of sharia. Shares outside the DES that do not follow the rules are lots of the number and variety, making it potentially attractive for risk-adjusted return abnormal performance. Investment manager (MI) avicesahibbal, with investorsin a listed assets (Sahib al-mal/rabbal-mal) or the investment manager (MI) avicesahibbal in investment asset that have the responsibility of management of the selected portfolio.
MImust investas the concept of sharia among others cause isclassified asgamblingor prohibited trade; do not apply the concept of ofusury; purchasers risk containing ghalharomasyir; notproducing, distributing, trading and providing goods and services that are unlawful becaus eof substance and goods that damage moral and harm. The limited number of securities in the portfolio forming Islamic mutual fundshave difficulty making trouble MI risks and diversification. Based on these findings, the responsibility of MI toobtain the process of investment reentering the capital market in accordance with Sharia principles. The insinuation not easy, easier to conduct elections or SS stock (stock selection). SS, is easier to do because of stockoptionsthat will be establishedby theMI as beendetermined limited the only stocks that are in accordance with the list of Islamic securities (DES). Managerial Abilities affect the performance of mutual fund share is based on a model of sharia. Tryenor Mazuyameasure which is an absolute measure of performance and dependence on two variables: the return of the fund (return) and risk sensitivity (variability). The model is based on the Capital Asset Pricing Model (CAPM) by Markowitz. Based on the Markowitz model, each investor is assumed to diversify its portfolio and selecting the optimal portfolio the basis of preference to return risk. Although limited bya number of assumptionsthat appear unrealistic, but the CAPM is a modelthat is parsimonious (simple) can decribe or predict the market reality is that are complex to describe the reality of the relationship of return and risk.

Risk are calculated on CAPM beta, is a measure of risk derived from the relationship between the rate of return on a stock market and the rate of return on a risk-free asset. Beta is the coefficient of the risk of a stock or portfolio (excess return above the risk-free rate) and the coefficient of the risk of the stock or portfolio (excess return above the risk-free rate). According to Sharpe and Alexander (1997: 281), beta is the risk of the stock or the rate variable to the risk of the stock or portfolio. In the case where the role of MI, the reinforcement of the risk of the return of the portfolio management, can be managed so that potentially creates a stock that performs well, good or bad to attract investors in the market, which may be higher. The beta indicate the risk of the stock or portfolio, the higher the value of beta, the higher the risk of the stock or portfolio. The model can be written as:

\[
\text{Expected return of the stock} = \text{Risk-free rate} + \text{Beta} \times \text{Market return}
\]

This study focused on the influence of Managerial Abilities against Sharia Stock Mutual Fund Performance in Indonesia. Based on the analysis and discussion, it can be concluded that the Managerial Abilities are demonstrated in the selection of the investment management of stocks or stock selection and the ability to enter the market, the market timing, and the ability to select the right stocks or stock portfolio capable of delivering high returns. The findings of this study indicate that the investment manager's ability to pick the right stocks or stock portfolio is crucial in delivering high returns. The model can be written as:

\[
\text{Expected return of the portfolio} = \text{Risk-free rate} + \text{Beta} \times \text{Market return}
\]

This refers to the concept of the Capital Asset Pricing Model (CAPM), which states that the investors in mutual funds invest in stocks that are in accordance with Sharia principles and have a high return and low risk. The investors in mutual funds invest in stocks that are in accordance with Sharia principles and have a high return and low risk. The investors in mutual funds invest in stocks that are in accordance with Sharia principles and have a high return and low risk. The investors in mutual funds invest in stocks that are in accordance with Sharia principles and have a high return and low risk.

This study revealed that the variable Managerial Abilities contribute to the mutual fund performance of Islamic stock.

VII. CONCLUSIONS

Based on the findings of Managerial Abilities and Mutual Fund Performance Shares Sharia in Indonesia, it can be argued that these recommendations are still need to be developed and empirically examined the effect of other variables, for example: internal financial conditions, macroeconomic conditions, adequacy of funds for operations against Sharia Stock Mutual Fund Performance for all kinds of Islamic mutual funds. This refers to the results of the empirical findings of Capon, et al. (1996) stated that the investors in mutual funds invest in stocks that are in accordance with Sharia principles and have a high return and low risk.

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