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## The Effect Of Islamic Corporate Governance, Islamic Corporate Social Responsibility, And Islamicity Performance Index On The Financial Performance Of Sharia Commercial Banks In Indonesia

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### ABSTRACT

Pertumbuhan kinerja bank umum syariah di Indonesia belum dapat dikatakan cukup baik mengingat bank umum syariah telah berdiri selama 30 tahun, oleh karena itu perlu dikaji faktor-faktor apa saja yang dapat mempengaruhi kinerja bank umum syariah. Tujuan penelitian ini adalah untuk mengetahui pengaruh secara parsial atau simultan variabel Islamic Corporate Governance (ICG), Islamic Corporate Social Responsibility (ICSR) dan Islamicity Performance Index (IPI) terhadap Kinerja Keuangan Bank Umum Syariah di Indonesia Tahun 2016-2020. Penelitian ini menggunakan metode penelitian kuantitatif. Populasi dalam penelitian ini adalah 14 bank umum syariah di Indonesia. Sampel dalam penelitian ini adalah 5 bank umum syariah di Indonesia. Metode penelitian yang digunakan adalah teknik analisis regresi linier berganda. Hasil penelitian menunjukkan bahwa variabel ICG dan Zakat Performance Index (ZPR) berpengaruh signifikan terhadap kinerja keuangan bank umum syariah di Indonesia tahun 2016-2020. Sedangkan variabel ICSR dan Profit Sharing Ratio (PSR) tidak berpengaruh signifikan terhadap kinerja keuangan bank umum syariah di Indonesia tahun 2016-2020. Variabel ICG, ICSR, PSR, dan ZPR secara simultan berpengaruh terhadap kinerja keuangan bank umum syariah di Indonesia tahun 2016-2020.

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**Abstract :** *The performance growth of Islamic commercial banks in Indonesia cannot be said to be good enough considering that Islamic commercial banks have been established for 30 years, therefore it is necessary to examine what factors can affect the performance of Islamic commercial banks. The purpose of this study is to determine the partial or simultaneous influence of Islamic Corporate Governance (ICG), Islamic Corporate Social Responsibility (ICSR) and Islamicity Performance Index (IPI) variables on the Financial Performance of Islamic Commercial Banks in Indonesia in 2016-2020. This study uses quantitative research methods. The population in this study were 14 Islamic commercial banks in Indonesia. The sample in this study were 5 Islamic commercial banks in Indonesia. The research method used is multiple linear regression analysis technique. The results show that the ICG and Zakat Performance Index (ZPR) variables have a significant effect on the financial performance of Islamic commercial banks in Indonesia in 2016-2020. While the ICSR and Profit Sharing Ratio (PSR) variables have no significant effect on the financial performance of Islamic commercial banks in Indonesia in 2016-2020. The variables ICG, ICSR, PSR, and ZPR simultaneously affect the financial performance of Islamic commercial banks in Indonesia in 2016-2020.*

**Keywords :** *ICG, ICSR, PSR, ZPR, and Financial Performance.*

## INTRODUCTION

In order to fulfill the Asean Economic Community Banking (AECB) in 2020, the competition in the financial services industry will feel tighter, causing Islamic banks to be required to continue to grow (Firda and Aliya, 2020). As well as statistical data from the sustainability of sharia banking shown by the Financial Services Authority (OJK) financial institution in 2019. Sharia Commercial Banks (BUS) from 2016 to 2019 continued to show positive developments with the number of banks continuing to grow compared to Sharia Business Units (UUS) and Rural Bank (BPRS) ([www.ojk.go.id](http://www.ojk.go.id)).

The rapid development of Islamic Commercial Banks is certainly not without problems. Islamic Commercial Banks face various challenges in their journey, let alone trying to keep running well with the aim of being superior to their rivals, namely Conventional Banks. Therefore, it is necessary to examine what factors can affect the performance of Islamic commercial banks (Chyntia et al 2020). In addition to improving the performance of Islamic commercial banks so that they continue to run well with the aim of being

superior to conventional banks, according to Zanariyatim et al (2016), the challenge for Islamic commercial banks is to realize the trust of stakeholders. The trust from these stakeholders is able to have a positive impact on the development of the bank itself.

One of the predictor factors that can improve financial performance is Islamic Corporate Governance (ICG). ICG is a model of Good Corporate Governance (GCG) which has a governance structure and process that protects the rights and interests of all stakeholders who are subject to sharia rules (Iqbal & Mirrakhor, 2004). In carrying out the business strategies that have been planned by the company in order to improve performance, it is necessary for the company to have good governance. According to Chapra, "failure in the application of sharia principles and the implementation of GCG will make customers move to other banks (conventional banks)", for that GCG Islamic financial institutions must also refer to sharia principles (Lestari, 2020).

In addition to implementing ICG, another factor that is thought to be able to improve financial performance according to Ilmi (2018) is Islamic Corporate Social Responsibility (ICSR) which is a concept of corporate social responsibility with dimensions of Islamic economics, Islamic legality, Islamic ethics, and Islamic philanthropy based on Islamic values. Islamic values that exist in the Qur'an and hadith, companies that have good environmental performance will be responded positively by investors through stock price fluctuations that are increasing from period to period and vice versa. In addition, the bank's performance can also be seen through the financial statements made every period. Therefore, the performance of Islamic commercial banks must also be measured using a method that is oriented towards sharia goals. Hameed et. al. (2004) presents an alternative financial performance measurement for Islamic banks, namely the Islamicity Performance Index (IPI).

## **1. Financial Performance**

Financial performance is an analysis conducted to see the extent to which a company has implemented by using financial implementation rules properly and correctly. Performance is also the result of an evaluation of the work that has been completed, the results of the work are compared with the standards that have been set together (Hutabarat, 2020: 3). To find out the state of the company's financial performance, the stakeholders will usually perform financial ratio analysis. Of the various types of financial ratios that exist, the profitability ratio is the most appropriate ratio used to measure the performance of a bank. The profitability ratio of the existing financial performance ratio used in this study is ROA, because in addition to being able to see or measure the ability of bank management to earn profits (profit), it can also be an indication of the managerial efficiency of the bank concerned (Lestari, 2020).

## **2. Islamic Corporate Governance (ICG)**

Corporate governance is a system designed to direct the management of the company in a professional manner (Perduti, et al, 2019). According to the National Committee on Governance Policy (KNKG) (2012) there are five principles that must be applied by companies, namely transparency, accountability, responsibility, independence, and fairness or equality. ICG is a derivative of the concept of Good Corporate Governance (GCG) and has the same objectives as conventional GCG. But what makes the difference is that ICG is based on Islamic laws. Globally, ICG is included in the GCG category. What distinguishes CG in Islamic banking from conventional banking is the presence of the Sharia Supervisory Board in its GC structure. The mechanism that distinguishes conventional and sharia companies is the decision-making mechanism where sharia companies are based on Islamic law, namely the Qur'an and the Sunnah of the Prophet Muhammad, while conventional companies emphasize compliance with laws and government regulations (Lestari, 2020) . In BI Circular Letter No. 12/13/DPbS the assessment of the

implementation of corporate governance is seen from the composite value of the self-assessment results, in which the smaller the composite value produced, the better the level of implementation of governance at the Islamic bank (Lestari, 2020) .

### **3. Islamic Corporate Social Responsibility (ICSR)**

ICSR is the same as Corporate Social Responsibility (CSR), namely the commitment of the company or the business world to contribute to sustainable economic development by paying attention to corporate social responsibility and focusing on the balance between attention to economic, social and environmental aspects (Hendrik, 2008:1).

Companies that have good environmental performance (ICSR) will get a positive response by investors through stock price fluctuations that are increasing from period to period and vice versa if the company has poor environmental performance (ICSR), investors will have doubts about the company and responded negatively with fluctuations in the company's stock price in the market which is decreasing from year to year (Indrayani & Risna, 2018). ICSR was measured using content analysis methods and within the framework of the Islamic Social Reporting (ISR) disclosure index developed by Othman, et al (2010) and Haniffa (2002). ISR is one way to assess the reporting of corporate social responsibility in sharia. According to Haniffa (2002) ISR is an extension of social reporting which includes not only the expectations of the board of directors or people's views on the role of feelings in the economy but also the fulfillment of a spiritual perspective for Muslim report users. Othman et al (2010) designed the use of the ISR index which divided the ISR into 6 (six) themes, namely: Finance and investment, Products and services, Employees, Society, Environment, and Governance.

### **4. Islamicity Performance Index (IPI)**

Hammed et al., (2004) formulated the IPI to measure the performance of Islamic banking in terms of sharia objectives, so that it can be seen whether

banking performance is in accordance with sharia principles. Performance measurement using IPI is only based on the information available in the annual financial report (annual report). One way to measure organizational performance is through an index, although currently there are several indexes compiled to measure organizational performance, but not many indexes can be used to measure the performance of Islamic financial institutions (M. Makruflis, 2019). In the test, IPI is proxied in so many ratios, there are 7 financial ratios measured by IPI, namely Profit Sharing Ratio, Zakat Performance Ratio, Equitable Distribution Ratio, Director-employees Welfare Ratio, Islamic Investmen vs Non-Islamic Investmen, Islamic Income vs Non-Islamic Income, AAOIFI Index.

In this study, researchers used the ratio of Profit Sharing Ratio (PSR) and Zakat Performance Ratio (ZPR). Profit Sharing Ratio (PSR) is one of the main objectives of Islamic banking. Therefore, it is very important to know how far banks have succeeded in achieving their existence on profit sharing through PSR. PSR is calculated by adding up the financing from the mudharabah and musyarakah contracts which are then compared with the total financing (Hameed et al 2004).

Zakat Performance Ratio (ZPR). Zakat is one of the commands in Islam so it must be one of the objectives of sharia accounting. Therefore, the performance of Islamic banking should be based on the zakat paid by banks to replace conventional performance indicators, namely earnings per share. The bank's wealth should be based on net assets rather than net income which conventional methods emphasize. So if the bank has high net assets, the higher the zakat that must be paid (Hameed et al 2004).

## **5. Sharia Enterprise Theory (SET)**

Sharia Enterprise Theory is a concept in Islam which is formed from the concept of zakat, the concept of justice, the concept of benefit, the concept of responsibility and the concept of falah. This theory is used to understand

corporate stakeholders from an Islamic perspective. This theory states that corporate stakeholders include not only humans, but also the natural environment, and God. Allah SWT is the highest party and is the only goal of human life by placing Allah SWT as the highest stakeholder (CZ Ananda, et al 2020). SET implicitly does not place humans as the center of everything but places God as the center of everything, namely to be the center of the return of humans and the universe. The implication of SET theory in this study is that all forms of responsibility regarding the corporate governance structure will be useful for stakeholders to assess the credibility of financial information, as well as to accurately set expectations and reduce uncertainty regarding company performance (Lenny & Winwin, 2019).

## 6. Theological Basis

Performance is the achievement of organizational goals that can form quantitative and qualitative output, creativity, flexibility, reliability or other things that the organization can desire. Emphasis on performance can be short-term or long-term, also at the individual, group, or organizational level. Individual performance contributes to group performance which in turn contributes to organizational performance (Suprihati, 2014).

The basis of sharia law regarding performance is stated in the Qur'an Surah Al-Ahqaf verse 19

وَلِكُلِّ دَرَجَةٌ مِمَّا عَمِلُوا ۗ وَيُؤْتِيهِمْ أَجْرًا لَهُمْ وَهُمْ لَا يُظْلَمُونَ

"And everyone gets a level according to what they have done, and so that Allah will suffice for their actions, and they will not be harmed."

The verse explains that Allah SWT will definitely repay every human deed based on what they have done. This means that if someone does a good job and shows good performance for his organization, he will also get good results from his work and will bring benefits to his organization. That every human or organization who works will get a reward according to what they

do. It all points to His justice to them and fulfills the recompense for their deeds, without being cheated in the slightest (Lestari, 2020).

## **RESEARCH METHODS**

### **1. Research Subjects and Objects**

The subjects in this study are Islamic Commercial Banks. The objects in this study are Islamic Corporate Governance (ICG), Islamic Corporate Social Responsibility (ICSR), and Islamicity Performance Index (IPI).

### **2. Research Place and Time**

This research was conducted at Islamic Commercial Banks (BUS) in Indonesia through the official website of each BUS to retrieve data in the form of an annual financial report (annual report) for the period 2016-2019 taken from 2016 because the Financial Services Authority (OJK) noted that at the end of 2016 and 2017, the net profit of Islamic Commercial Banks was relatively low, reaching 952 billion and 967 billion when compared to Sharia Business Units (UUS) which reached 1.14 trillion in 2016 and 2.09 trillion in 2017.

### **3. Population and Sample**

The population in this study were all Sharia Commercial Banks (BUS) in Indonesia, the population was 14 Sharia Commercial Banks (BUS). In this study, the researcher used a non-probability sampling technique. Non-probability sampling is a sampling technique that does not provide equal opportunities for each element of the population to be selected as a sample. So that based on the criteria determined by the author, there were 5 Islamic Commercial Banks in Indonesia that met the criteria to be used as samples from this research, namely Bank Muamalat Indonesia, Bank Mega Syariah, Bank BCA Syariah, Bank Jabar Banten Syariah, and Bank Panin Syariah.



#### 4. Data Analysis Metode

- a. Classical Assumption Test: Normality Test, Multicollinearity Test, Heteroscedasticity Test
- b. Hypothesis Test: Coefficient of Determination ( $R^2$ ), Partial Test (T Test), Simultaneous Test (F Test)

### RESULT AND DISCUSSION

- a. Classic assumption test

#### Normality test

One-Sample Kolmogorov-Smirnov Test		
Unstandardized Residual		
N		25
Normal Parame ters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	2.21250567
Most Extrem e Differe nces	Absolute	.105
	Positive	.105
	Negative	-.085
Test Statistic		.105
Asymp. Sig. (2-tailed)		.200 <sup>c,d</sup>

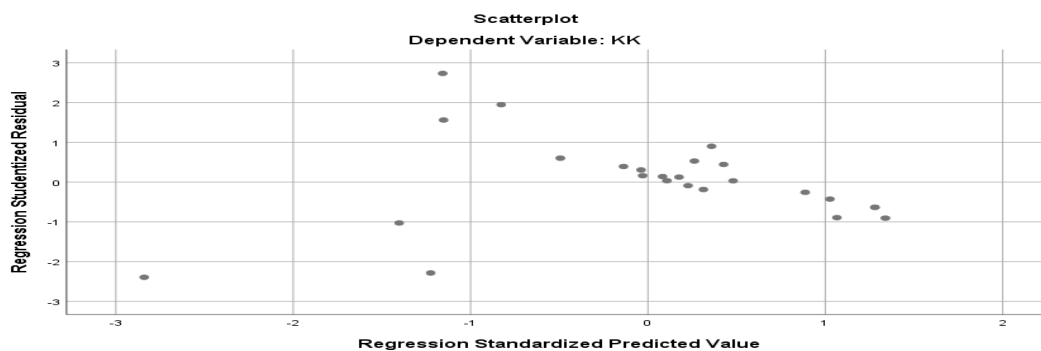
Based on the table above, it can be seen that the magnitude of the probability of the Kolmogorov-Smirnov test is the value of asymp.sig. (2-tailed) which is 0.200 greater than = 0.05, it can be concluded that the residual value is normally distributed.

## Multicollinearity Test

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	Collinearity Statistics
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-4.376	4.838		-.905	.376		
	ICG	-2.073	.646	-.527	-3.209	.004	.916	1.091
	ICSR	.164	.082	.316	2.002	.059	.989	1.012
	PSR	.001	.008	.028	.173	.865	.940	1.064
	ZPR	-5.509	2.053	-.433	-2.684	.014	.947	1.056

Based on the table above, it can be seen that the tolerance value for each variable shows more than 0.10 where the ICG variable has a tolerance value of 0.916, ICSR is 0.989, PSR is 0.940, and ZPR is 0.947. So all variables have a tolerance value  $> 0.10$ . Meanwhile, the VIF value of each variable is less than 10.00, namely ICG has a VIF value of 1.091, ICSR is 1.012, PSR is 1.064, and ZPR is 1.056. Overall, the VIF value for the four variables is  $< 10$  and the tolerance value is greater than 0.10, so it can be concluded that this study did not have multicollinearity symptoms.

## Heteroscedasticity Test



Based on the test results in the table, the points spread randomly and are spread both above and below the number 0 on the Y axis, so there is no heteroscedasticity.

b. Hypothesis Testing

**Coefficient of Determination (R<sup>2</sup>)**

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.711 <sup>a</sup>	.506	.407	2.42368

Based on the test results in the Model Summary table above which is the result of processing the Coefficient of Determination Test (R<sup>2</sup>), the Adjusted R Square is obtained, which is 0.407 or 40%, which means it shows that the independent variables are ICG, ICSR, PSR, and ZPR together is able to explain how much change and variation in the Financial Performance variable is 40%. And the remaining 60% is explained by other variables outside the variables used in this study. So a small part of the dependent variable is explained by the independent variables in this study.

**Partial Test (T Test)**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-4.376	4.838		-.905	.376
	ICG	-2.073	.646	-.527	-3.209	.004
	ICSR	.164	.082	.316	2.002	.059
	PSR	.001	.008	.028	.173	.865
	ZPR	-5.509	2.053	-.433	-2.684	.014

Based on the results of the t-test in the table that examines the effect of ICG, ICSR, PSR and ZPR on financial performance, it can be concluded that:

- a) The ICG significance value is 0.004 ( $<0.05$ ), so it can be concluded that H01 is rejected and Ha1 is accepted. This shows that ICG partially has a significant influence on financial performance.
- b) The ICSR significance value is 0.059 ( $> 0.05$ ), so it can be concluded that H02 is accepted and Ha2 is rejected. This shows that ICSR partially does not have a significant effect on financial performance.
- c) The significance value of PSR is 0.865 ( $> 0.05$ ), so it can be concluded that H03 is accepted and Ha3 is rejected. This shows that partially ICSR does not have a significant effect on financial performance.
- d) The significance value of ZPR is 0.014 ( $<0.05$ ), so it can be concluded that H04 is rejected and Ha4 is accepted. This shows that ZPR partially has a significant influence on financial performance.

### Simultaneous Test (F Test)

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	120.243	4	30.061	5.117	.005 <sup>b</sup>
	Residual	117.484	20	5.874		
	Total	237.727	24			

Based on table 4.19, the F test shows a significance result of 0.005 ( $<0.05$ ), it can be concluded that H0 is rejected and Ha is accepted, which means that ICG, ICSR, PSR, and ZPR simultaneously have a significant effect on financial performance.

## Discussion

### 1. The Influence of Islamic Corporate Governance (ICG) on the Financial Performance of Islamic Commercial Banks in Indonesia in 2016-2020.

Based on the results of hypothesis testing from the t-test, Islamic Corporate Governance (ICG) can be seen that ICG sig.  $<0.05$  ( $0.004 < 0.05$ ) which means 0.004 is smaller than 0.05 indicating that  $H_0$  is rejected. Which means the ICG variable has a significant effect on the Financial Performance variable.

So this hypothesis states that ICG has an effect on Financial Performance. This research is in line with the research of Ananda and Erinos NR (2020), Umiyati, et al (2020), Hartono (2018), Dwi (2021) and Lestari (2020) which state that ICG has a positive and significant relationship to financial performance. The results of this study are also in line with research conducted by Ernawan (2018) which state that ICG have a relationship tp financial performance.

This is contrary to the results of research by Mardiani, et al (2020) and Budiman (2017) which states that the ICG variable has no effect on financial performance.

According to Messy, et al (2019) ICG through the results of the self-assessment of each bank has an effect on financial performance and information on the results of a good GCG assessment, it is such signals "good news" that there is a guarantee of better company performance in optimizing profitability (ROA), the possibility of violation or fraud by the management is smaller, as well as convincing business prospects. This finding supports the Sharia Enterprise Theory (SET).

The implication of SET theory on the results of this study is that all forms of responsibility regarding the corporate governance structure are carried out properly which will be useful for stakeholders to assess the credibility of financial information, as well as to accurately set expectations, reduce uncertainty and fraud regarding company

performance reports because in reporting all corporate governance places Allah SWT as the highest stakeholder.

2. The Influence of Islamic Corporate Social Responsibility (ICSR) on the Financial Performance of Islamic Commercial Banks in Indonesia in 2016-2020.

Based on the results of hypothesis testing from the t-test, Islamic Corporate Social Responsibility (ICSR) can be seen ICSR sig.> 0.05 (0.059> 0.05) which means 0.059 is greater than 0.05 indicating that  $H_a$  is rejected. Which means that the ICSR variable has no significant effect on the Financial Performance variable.

So this hypothesis states that ICSR has no effect on Financial Performance. This research is in line with research conducted by Hilya Nafi Husna (2021), (Indrayani, et al, 2018), (Cahyaningtiyas, 2020), (Yolanda, 2022) and (Rahmawaty, 2021) which states that ICSR has no effect on financial performance. This study is different from the results of research by Arifin (2016), (Khairiyani, 2020), (Solekhah, 2018), (Syurmita, 2020) and (Ananda, et al, 2020) which state that ICSR has an effect on financial performance.

The low disclosure of ICSR reports by Islamic commercial banks is not able to provide significant changes in increasing Return On Assets (ROA), providing an explanation that the less Islamic commercial banks disclose ICSR properly, it cannot affect the ability of Islamic commercial banks to earn profits (Nafi, 2020).

3. The influence of the Islamicity Performance Index (IPI) on the Financial Performance of Islamic Commercial Banks in Indonesia in 2016-2020 which is proxied by 2 indices, namely:

- a. *Profit Sharing Ratio (PSR)*

Based on the results of hypothesis testing from the t-test, Profit Sharing Ratio (PSR) can be seen PSR sig.> 0.05 (0.865> 0.05) which means 0.865 is greater than 0.05 indicating that  $H_a$  is rejected. Which

means that the PSR variable has no significant effect on the Financial Performance variable.

So this hypothesis states that PSR has no effect on Financial Performance. This research is in line with the research of (Fatmala, et al, 2021), (Nazra, 2019), (Maisaroh, 2015) dan (Yusro, 2018) which states that the Profit Sharing Ratio has no significant effect on the financial performance of Islamic banks in Indonesia. This study is different from the results of (Khasanah, 2016), (Fatmawatie, 2021), (Rahayu, 2020), (Nurhayati, 2021) and (Dewanata, et al, 2016) which state that there is an influence on financial performance.

The absence of PSR's influence on financial performance is due to the relatively smaller PSR financing compared to buying and selling financing which occupies a larger portion of 52.44%. Therefore, the contribution of revenue-sharing obtained from the distribution of PSR financing has not been able to optimize the ability of Islamic commercial banks to generate profits.

b. *Zakat Performance Ratio (ZPR)*

Based on the results of hypothesis testing from the t-test, Zakat Performance Ratio (ZPR) can be seen ZPR sig. <0.05 (0.014 <0.05) which means 0.014 is smaller than 0.05 indicating that H<sub>0</sub> is rejected. Which means that the ZPR variable has a significant effect on the Financial Performance variable.

So this hypothesis states that ZPR has an effect on Financial Performance. This research is in line with research by (Dewanata, et al, 2016), (Purwati, 2022) and (Fatmala, et al, 2021) which state that ZPR has a positive and significant effect on financial performance. This study is different from the research of (Khasanah, 2016), (Annio, 2020), (Sabri, 2019), (Dian, 2020) and (Lestari, 2020) which state that ZPR has no effect on financial performance.

In performing a calculation of zakat payments, it can reflect the performance of an Islamic bank. This shows that Islamic commercial

banks with high levels of zakat payments tend to earn high profits too, so that it will improve financial performance (Dewanata, et al 2016).

4. The Influence of Islamic Corporate Governance (ICG), Islamic Corporate Social Responsibility (ICSR), and Islamicity Performance Index (IPI) on the Financial Performance of Islamic Commercial Banks in Indonesia in 2016-2020.

The results of the simultaneous hypothesis test (F Test) show that the ICG, ICSR, and IPI variables show a significance result of 0.005 ( $<0.05$ ), it can be concluded that  $H_0$  is rejected and  $H_a$  is accepted, which means ICG, ICSR, PSR, and ZPR simultaneously has a significant effect on the financial performance of Islamic commercial banks in Indonesia in 2016-2020.

This study is in line with research conducted by CZ Ananda, et al (2020) which states that the results of research on ICG and ICSR simultaneously have a significant influence on financial performance. Lestari's research (2020) states that the results of the PSR, ZPR, and ICG research simultaneously also have a significant influence on financial performance. This is because the company's report is the basis for evaluating the company's performance which aims to provide an overview of the results that have been achieved, and serves as a tool of management accountability (Prasojo, 2015). Therefore, every policy and decision taken in the process of preparing financial statements greatly affects the assessment of the company's performance.

## CONCLUSION

The results of the study simultaneously show that Islamic Corporate Governance (ICG), Islamic Corporate Social Responsibility (ICSR), and Islamicity Performance Index (IPI) together show a significance value of 0.005 ( $<0.05$ ), it can be concluded that  $H_0$  is rejected and  $H_a$  is accepted, which means that ICG, ICSR, PSR, and ZPR simultaneously have a significant effect on financial performance.



1. Based on the partial test results, the variables Islamic Corporate Governance (ICG), Islamic Corporate Social Responsibility (ICSR), and Islamicity Performance Index (IPI) show that:
  - a. The ICG significance value is 0.004 ( $<0.05$ ), so it can be concluded that  $H_01$  is rejected and  $H_{a1}$  is accepted. This shows that ICG partially has a significant influence on financial performance.
  - b. The ICSR significance value is 0.059 ( $>0.05$ ), so it can be concluded that  $H_02$  is accepted and  $H_{a2}$  is rejected. This shows that ICSR partially does not have a significant effect on financial performance.
  - c. The significance value of PSR is 0.865 ( $> 0.05$ ), so it can be concluded that  $H_03$  is accepted and  $H_{a3}$  is rejected. This shows that ICSR partially does not have a significant effect on financial performance.
  - d. The significance value of ZPR is 0.014 ( $<0.05$ ), so it can be concluded that  $H_04$  is rejected and  $H_{a4}$  is accepted. This shows that ZPR partially has a significant influence on financial performance.

## **IMPLICATION OF THE RESEARCH**

1. This research still has limitations in terms of references, literature, and theories that support conducting research, so that more in-depth research is still needed on the financial performance of Islamic commercial banks.
2. The factors that affect financial performance in this study only consist of 3 variables, namely Islamic Corporate Governance (ICG), Islamic Corporate Social Responsibility (ICSR) and Islamicity Performance Index (IPI). Adjusted R Square of 0.407 or 40%, which means it shows that the independent variables, namely ICG, ICSR, PSR, and ZPR together are able to explain how much change and variation in financial performance variables are 40%. And the remaining 60% is explained by other variables outside the variables used in this study. So that further research is expected

to add other independent variables so that more complete and clear results are obtained.

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