

## THE ROLE OF ISLAMIC CORPORATE GOVERNANCE, INTELLECTUAL CAPITAL, ISLAMICITY PERFORMANCE INDEX ON THE PROFITABILITY ISLAMIC BANK IN INDONESIA

### PERAN ISLAMIC CORPORATE GOVERNANCE, INTELLECTUAL CAPITAL, ISLAMICITY PERFORMANCE INDEKS TERHADAP PROFITABILITAS BANK DI INDONESIA

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#### **Abstract**

*This study aims to analyze the influence of Islamic Corporate Governance (ICG), Intellectual Capital (IC) and Islamicity Performance Index (IPI) to profitability of Islamic Banks in Indonesia. Research this is type study quantitative with population used as many as 14 Islamic Commercial Banks in Indonesia. The selection method sample use purposive sampling and obtained 9 samples of Islamic Commercial Banks that meet the requirements criteria. Data analysis techniques in study This use analysis statistics descriptive, analysis multiple linear regression and testing hypothesis. The results obtained show Islamic Corporate Governance which is proxied by the disclosure of the Structure and Working Mechanism of the Sharia Supervisory Board (SSB), the Structure and working mechanism of the Board of Directors and SSB have an impact on the performance of Islamic Banks. Intellectual Capital partially has no effect on the profitability level of Islamic Banks. This means Intellectual Capital not yet able to provide value Added on expenses for Human Resources Capital, Customer Capital and Structural Capital so as to be able to improve performance finance proxied by ROA. Islamicity performance index proxied by EDR and profit sharing significantly influence the profitability of Islamic Commercial Banks, while other proxies proved insignificant.*

**Keywords:** *Islamic Corporate Governance; Intellectual Capital; Islamicity Performance Index; Profitability; Islamic Banks.*

#### **Abstrak**

Penelitian ini bertujuan untuk menganalisis pengaruh *Islamic Corporate Governance* (ICG), *Intellectual Capital* (IC) and *Islamicity Performance Index* (IPI) terhadap profitabilitas Bank Syariah di Indonesia. Penelitian ini merupakan jenis penelitian kuantitatif dengan populasi yang

digunakan sebanyak 14 Bank Umum Syariah di Indonesia. Metode pemilihan sampel menggunakan *purposive sampling* dan diperoleh 9 sampel Bank Umum Syariah yang memenuhi kriteria. Teknik analisis data dalam penelitian ini menggunakan analisis statistik deskriptif, analisis regresi linier berganda dan pengujian hipotesis. Hasil yang diperoleh menunjukkan *Islamic Corporate Governance* yang diproksikan dengan pengungkapan Struktur dan Mekanisme Kerja DPS, Struktur dan Mekanisme Kerja Direksi dan Etika Bisnis Syariah berpengaruh terhadap kinerja Perbankan Syariah. *Intellectual Capital* secara parsial tidak berpengaruh terhadap tingkat profitabilitas Bank Umum Syariah. Artinya *Intellectual Capital* belum mampu memberikan *Value Added* atas pengeluaran biaya atas *Human Capital*, *Customer Capital* dan *Structural Capital* sehingga mampu meningkatkan kinerja keuangan yang diproksikan dengan ROA. *Islamicity performance index* yang diproksikan dengan EDR dan *profit sharing* berpengaruh signifikan terhadap tingkat profitabilitas Bank Umum Syariah. Sedangkan proksi yang lain terbukti tidak berpengaruh.

**Kata Kunci:** *Islamic Corporate Governance; Intellectual Capital; Islamicity Performance Index; Profitabilitas; Islamic Banks.*

## A. Introduction

Islamic bank in Indonesia still existence Islamic economics and finance. Indonesia is a country with resident Muslim the largest in the world, so that own great potential for grow desire public in use more Islamic Bank services tall and have role big in development Islamic economics (Ismail, 2011). Islamic Commercial Banks are bank whose activities its operations referring to sharia provisions as base main its operational meaning as must objectives and operations company in accordance with principles of Islam, give service without flower to its customers (Nafik, 2018). Islamic Banks distribute the funds to parties in need, such as in contract sell buy and ariable effort. The rewards obtained given in profit margin form, for results, or other forms as appropriate with Islamic sharia (Ismail, 2011).

Islamic Bank in Indonesia has very rapid development. According to statistical data Islamic Banking from *Otoritas Jasa Keuangan* (OJK) as of December 2020. Starting in 2016, BUS had 13 banks, and in 2020 it increased to 14 banks. Growth the number of *Bank Umum Syariah* (BUS) show that still progress and development. (Statistics Islamic Bank, 2020). BUS are required for operate activity its operations based on sharia principles and ethics sharia business Tata ariab *Islamic Corporate Governance* is an arithmetic system a company based on the Islamic principles. Implementation activity its operations must in accordance with sharia norms and values (Nova, 2018).

Islamic bank of course need skill competent human based knowledge possessed employee as well as those found in the organization (*structural*). *Intellectual Capital* consists of on two aspects, namely *structural* and human capital. So that can produce *value added* when executed in a way Good. Indonesian Islamic Banking now succeed print very rapid development, proven with improvement Number of banks and total assets of *Bank Umum Syariah* (BUS) and *Unit Usaha Syariah* (UUS) from 2016 to 2020 supported by data from the Otoritas Jasa Keuangan (OJK) during 2016-2020 period:

**Table 1.1**

**Development Number of Banks and Total Assets of BUS and UUS in 2016-2020.**

Indicator Islamic Banking	Year				
	2016	2017	2018	2019	2020
<b>BUS</b>					
Number of Banks	13	13	14	14	14
Total BUS Assets (in billion Rupiah)	254,184	288,027	316,691	350,364	397,073
<b>UUS</b>					
Number of Banks	21	21	20	20	20
Total UUS Assets ( in billion Rupiah)	102,320	136,154	160,636	174,200	196,875

Source: *Islamic Banking Statistics* by OJK, 202

Indonesian Islamic Banking until moment s Keep going show growth positive, according to statistical data by OJK Islamic Banking as of December 2020 above can analyzed that growth number of *Bank Umum Syariah* (BUS) and *Unit Usaha Syariah* (UUS) in the last five years consecutive show significant increase. In 2016, Islamic BUS had 13 banks, and in 2020 this number increased to 14 banks. Growth the number BUS show that Still have a chance big for BUS to always progress and develop. Another thing with the UUS, in 2016 it had 21 banks and in 2018 the number of banks decreased to 20 banks up to 2020, decline the caused by several banks doing so merger activities, so that form more new banks big. Activities the carried out by Islamic Banking in frame face challenge in the future coming. It is expected Islamic banking can do better performance Good as well as can do role the best in build Indonesian economy.

Measuring the financial performance of Islamic banks in achieving sharia functions using *the Islamicity Performance Index* in evaluating the performance of Islamic banks, not

only in terms of finance but also in terms of the principles of halal, justice, and purification (*takziyah*) implemented by Islamic banks. The components used as measurement performance of Islamic Banks in theory stakeholders are study profitability of Islamic Commercial Banks. One of them ratio measurement profitability is Return on Assets (Imelda, 2020). Profitability is the sharpest and widest measurement from all over existing measurements. measurements reflect ability BUS in persistent and stable for continue its operations later day.

Study about Islamic Corporate Governance which has done by Jielend Ariandhini (2019) with use variables composition of the board of directors and committee audit of ROA has an effect positive significant to profitability. Research from Lizardi (2017) about Intellectual Capital get results that variables Intellectual Capital influential positive to level profitability Islamic Banking in Indonesia, intellectual capital increase profitability of Islamic Banks. Study from Suseno (2019) shows that implementation Islamicity Performance Index influential positive to profitability of Islamic Banks using Return on Assets. Previous studies (e.g., Jielend Ariandhini, 2019) often examine one or two aspects of conventional corporate governance (such as board composition and audit committees) and apply them to Islamic banks. This ignores the specificity of Islamic governance, such as the role and working mechanisms of the Sharia Supervisory Board (DPS) and the implementation of Islamic Business Ethics as an integral part of ICG. This study fills the gap by proxying ICG through three elements specific to Sharia: the Structure & Working Mechanisms of the DPS, the Structure & Working Mechanisms of the Board of Directors, and Islamic Business Ethics. Many studies on IPI (e.g., Suseno, 2019; Yuliana, 2020) focus only on one or two ratios, such as the Profit Sharing Ratio (PSR) or Zakat Performance Ratio (ZPR). A comprehensive assessment of “sharia” performance requires multiple proxies covering aspects of distribution (EDR), sources of income (IICR), welfare (DER), and zakat. This study attempts to fill the gap by using four IPI proxies simultaneously (EDR, IICR, DER, PSR, ZPR) in a single model, thereby providing a more complete picture.

Based on background background and results study previously above, research this is very important For Retest the extent of influence Islamic Corporate Governance, Intellectual Capital and Islamicity Performance Index towards level profitability Islamic Banking in Indonesia with use samples and data obtained from Report Finance Islamic Bank Period 2016-2020. This study has methodological novelty by integrating the three

pillars that determine Islamic bank performance—Sharia Governance (ICG), Intellectual Capital (IC), and Sharia Performance (IPI)—into a single multiple regression analysis model to explain Profitability (ROA). Most previous studies analyzed the three separately or combined only two pillars. This integration provides a more comprehensive and holistic understanding of the factors that influence the profitability of Islamic banks.

## **B. Literature Review**

### **Agency Theory**

Theory agency is concept which expresses connection between the principal and the agent contract/manager), the investor contracts the Bank to finish work for the sake of or investor's goals. So that investors provide authority on decision on the Bank to reach its purpose. The bank is responsible answer in achievement objective and the Bank receives profit from investors. The achievement investor goals, the more The Bank also earns large profits (Supriyono, 2018).

According to Jensen and Meckling in Zara and Erinos (2020), they stated that Islamic General Bank management has instruction act For get profitability they Alone No For interests of stakeholders or shareholders, so needed implementation of Islamic Corporate Governance for avoid matter said . Because in the implementation of Islamic Corporate Governance exists sharia principles and procedures Can prove right as well as connection to all stakeholders to be proven and prevent development conflict agency (Chintya, 2020).

### **Stakeholder Theory**

Stakeholder theory has evaluation that company is not entities that only operate for interest Alone However must can give benefit for all over stakeholders. So that existence something the company is greatly influenced by the support provided by the company's stakeholders. the Because all stakeholders provide role important in determination success company (Utomo, 2019).

Connection between Intellectual Capital and profitability Can obtained in theory This is because Intellectual Capital greatly influences disclosure information Islamic General Bank finances, especially non-current assets intangible assets and give proof on Sharia Commercial Banks. So that manager must Can manage Islamic General Banks good, using human capital, physical capital, and structural capital capabilities . So that

information related to Intellectual Capital becomes very important for given to stakeholders (Zainal, 2016).

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

The term *Islamic Corporate Governance* (ICG) is description *Corporate Governance* in Islamic perspective used in Islamic banks with refers to Islamic religious values and laws according to Larbsh (2015) Islamic Corporate Governance (ICG) has two characteristics. First, all aspect life corporate, ethical and social must refers to Islamic law. Second, Islamic Corporate Governance (ICG) must also be referring to ethics business as well as principles related Islamic economics and finance with zakat orders, prohibitions usury, prohibition speculation and orders for develop system economy based on profit and loss sharing. So that can operate right and its obligations with Correct For increase welfare stakeholders (interested parties) as creature in form of worship towards a path that is approved by Allah SWT (Nono, 2018).

### **Intellectual Capital (IC)**

Intellectual Capital is knowledge or Power the thoughts that the company has, not tangible physical (intangible), and with the company's Intellectual Capital can get mark plus profit or business process achievement in company (Puspitasari, 2011). Elements in Intellectual Capital are grouped become a number of categories, including related knowledge with employees (human capital), knowledge that only related with company (structural capital or organizational capital), and related knowledge with customers (relational capital or customer capital). Category This form One unity in Intellectual Capital (Elvie, 2021).

### **Islamicity Performance Index**

Islamicity Performance Index is one of the method in evaluate performance of Islamic banks, no only in aspect finance but also in evaluate principle justice, halal, and purification (takziyah) as initiated by Islamic Commercial Banks. *Islamicity Performance Index* can become tool in measure values materialistic and spiritual aspects that exist in Islamic banks that are presented in report finance annual Islamic bank (Imelda, 2020). Measurement mark materialistic and spiritual in Islamic banks can use a number of ratio finance covering profit sharing ratio, zakat performing ratio, equitable distribution ratio,

director-employees welfare ratio, *Islamic investment vs non - Islamic investment*, Islamic income vs non-Islamic income and AAOIFI Index (Indria, 2019).

### **Profitability Islamic Banking**

Profitability is size the efficiency of banks in using capital, the same like measure the power of Islamic banks to produce profit from assets owned by Islamic banks (Amrie, 2021). So that profitability Can become size for evaluate flexibility of Islamic banks to get or increase benefits and reflect size effectiveness achieved by Islamic banks. number profits generated by the bank in period time certain obtained in report profit loss . Measurement how much productive Islamic bank assets in produce profit or profit is very important in evaluate performance bank finance. Measurement profitability use return on assets (ROA) ratio (Taufiq, 2019).

### **Hypothesis**

Board of Commissioners is one of the part companies that are responsible and accountable in a way collective for do supervision as well as give advice to the board of directors and ensure that company the running ICG in a good (Nungky, 2018). Board of Commissioners influential positive and significant to profitability. increasingly tall dimensions of the board of commissioners so internal supervision company will the more goods and effective so that profitability company will increase Jielend (2019). From the description the so obtained hypothesis:

H<sub>1</sub>: *Islamic Corporate Governance* (ICG) with composition of the Board of Commissioners influential positive and significant to level profitability .

Board of Directors is mechanism *Islamic Corporate Governance* which has role for know that manager truly follow interests of the board. The board of directors may also minimize action opportunistic actions taken by managers and stakeholder interest with function supervision managers and reports directly by the board of directors to stakeholder interest on profitability (Nursakinah, 2017).

Board of Directors own influence to profitability company, because large number of board of directors can give advice about policies and resources Power as well as make decision for company with more optimal than in amount little Rahmawati (2017). From the description the so obtained hypothesis:

H<sub>2</sub>: *Islamic Corporate Governance* (ICG) with composition of the board of directors influential positive to level profitability.

Audit committee is tasked with for support duties of the board of commissioners in control operation and holding a very important role in realize Islamic Corporate Governance because of the board of commissioners on duty as examiner for supervise Islamic Bank Operations. Islamic Corporate Governance with variables composition audit committee on profitability influential positive and significant to profitability, meaning every rise and fall influential audit committee significant to level profitability in the company. The more Lots amount audit committees in Islamic commercial banks, increasingly tall function supervision (Jielend, 2019). From the description the so obtained hypothesis:

H<sub>3</sub>: *Islamic Corporate Governance* (ICG) with composition Influential Audit Committee positive and significant to level profitability.

*Intellectual Capital* is part from asset No tangible that has role important in increase Power compete with Islamic Banks and also be able to used in a way effective by management For increase profitability of Islamic Banks, with No leave indicator knowledge related with employees, customers as well as company (Ramadania, 2015). *Intellectual Capital* with VAIC measurement with VAHU, VACA and STVA components indicate influence positive and significant to profitability company (ROA) (Kazhimy, 2019). From the description the so obtained hypothesis:

H<sub>4</sub>: Intellectual Capital (IC) with Human Capital has an effect significant to level profitability.

H<sub>5</sub> Intellectual Capital (IC) with Structural Capital has an effect significant to level profitability.

Profit Sharing Ratio (PSR) is used for know the extent to which Sharia Commercial Banks have succeed reach objective management company for results. Activities for results covering contract *mudharabah* and *musharakah* in produce benefits. PSR formula with financing can cause decline mark profitability (Sayekti, 2015). PSR has an effect positive big to profitability, because mark financing for results relatively low compared to with

financing sell buy. So that portion the capabilities of Islamic Commercial Banks are less than optimal in produce profits, which leads to a decline profit or profitability of Islamic Banks (Yuliana, 2020). From the description the so obtained hypothesis:

H<sub>6</sub>: Islamic Performance Index with composition Profit Sharing Ratio (PSR) has an effect significant to level profitability.

Zakat Performing Ratio (ZPR) is indicators that prove performance at Islamic Commercial Banks, one of them profitability for replace earnings per share (earnings per share). Zakat of course influential to profitability of Islamic Commercial Banks, because if the bank can disburse zakat funds in good amount, then in a way no directly Islamic General Bank can increase sales and management use get capital liquidity and increase benefits too. Level profitability of Islamic Banks will the more high (Syurmita, 2020). From the description the so obtained hypothesis:

H<sub>7</sub>: Islamicity Performance Index with composition Zakat Performance Ratio (ZPR) has an effect significant to level profitability.

### **C. Research Methodology**

Study This use type study quantitative with approach descriptive research quantitative is type further research Lots using data in the form of numbers or numeric , start from data collection , data interpretation , to the results formed ( Sandu, 2015). Research with approach descriptive is research that describes relationship, hypothesis, making prediction and getting meaning as well as implications from problems that will solve (Ajat, 2018).

Population used a Islamic Bank in Indonesia which was registered in Bank Indonesia (BI) in 2016 until with 2020 with A total of 14 Islamic Banks. The sampling technique used in this study was purposive sampling, meaning that sample selection is supported by certain characteristics that are considered to be related to previously known population characteristics (Nono, 2020). The sample taken in study This chosen based on criteria and obtained 9 samples of Islamic Commercial Banks in 5 years period. The research data obtained with sample as many as 45 data observation. The samples taken in this study were selected based on the following criteria:

1. Islamic Banks that operated and were registered in OJK during the period from 2016 to 2020.
2. Islamic Banks that had published annual financial reports from at least January 2016 to December 2020.
3. Islamic Banks that have published corporate governance reports at least from January 2016 to December 2020.
4. Islamic Banks that have complete data on the variables used in the study.

### Definition Operational Variables

Variables study This using two variables, namely variables independent and variable dependent variable independent in study This is Islamic Corporate Governance ( $X_1$ ), Intellectual Capital ( $X_2$ ), and Islamicity Performance Index ( $X_3$ ). Meanwhile variables dependent study This is level profitability ( $Y$ ).

### Variables Independent

#### a. Islamic Corporate Governance (ICG)

Islamic Corporate Governance (ICG) can become system values and mechanisms supported Islamic values in arrange connection various parties involved in companies, so that they can do rights and obligations with good. Index ICG disclosure in study This includes the board of commissioners, board of directors and audit committee. Variables independent Islamic Corporate Governance can measured use the size of existing members in the Company (Wahyuni, 2020).

#### b. Intellectual Capital (IC)

Intellectual capital (IC) is measured based on added value obtained from human capital, relational capital or customer capital and structural capital. So that from combination the formed symbolized value added with (iB -VAIC). For count how much Lots the influence of each indicator in achievement value added, can use formula:

$$iB -VAIC = iB -VAHU + iB -VACA + iB -STVA$$

Calculation iB -VAIC can obtained with determine the number of each indicator in iB -VAIC. The VAHU calculation is obtained from results comparison between *value added* (VA) with expenses incurred in increase ability employees (HC).

$$iB - VAHU = \frac{VA}{HC}$$

Information:

VA = Total Income – (Total Expenses – Salary Expenses)

HC = Total Expenses incurred for employee

VACA obtained from results comparison value added (VA) with equity company or capital employed (CE).

$$iB - VACA = \frac{VA}{CE}$$

Information:

VA = Total Income – (Total Expenses – Salary Expenses)

CE = Available Funds (Total Equity + Net Profit).

STVA obtained from comparison of structural capital (SC) which includes difference from *Value Added* reduced cost incurred for increase ability employees (HC) with *value added*.

$$iB - STVA = \frac{SC}{VA}$$

Information:

VA = Total Income – (Total Expenses – Salary Expenses)

SC = VA- HC (Siska, 2018).

### c. Islamicity Performance Index

Islamicity Performance Index is one of the methods that can evaluate performance of Islamic commercial banks, not only from aspect finance but also capable evaluate principles justice, halal and purification (condolences) carried out by Islamic commercial banks. Measurement variables in Islamicity Performance is covering Profit Sharing Ratio (PSR) and Zakat Performing Ratio (ZPR). PSR is calculated with add up contract mudharabah and musyarakah which then compared to with total financing.

$$PSR = \frac{(Mudharabah + Musyarakah)}{\text{Total Financing}}$$

ZPR is based on the zakat paid for replace earnings per share.

$$\text{ZPR} = \frac{\text{Zakat}}{\text{Net Assets}}$$

### **Variables Dependent**

Variables bound in study This is profitability used for see to what extent are Islamic commercial banks capable of get profit. Ratio profitability used in study This is the ROA used for measure ability management in get profit in a way overall. ROA can counted with formula:

$$\text{ROA} = \frac{\text{Profit before tax}}{\text{Total Asset}} \times 100\%$$

### **Collection Techniques and Data Analysis**

Data collection carried out in study This is with collect the data obtained via the official website Financial Services Authority as well as each bank, books, e- journals, e-books and others, are presented and analyzed as well as processed to be concise and systematic. Data analysis techniques in study This use analysis statistics descriptive, assumption test classic, analysis multiple linear regression and testing hypothesis.

## **D. Results and Discussion**

### **Result**

The F test is carried out to determine whether all variables independent have influence to variables dependent . Testing hypothesis This done with method compare  $F_{\text{count}}$  with  $F_{\text{table}}$  And mark sig with alpha  $(\alpha) \leq 0.05$  ( Sandy & Syarkani , 2021). The number of data in this study was 40. For to know the F value the previous table must obtain the df1 value and df2. This value can be found using the formula  $(df1 = k - 1)$  with the obtained value of  $df1 = 6$  and  $(df2 = n - k)$  with the value as big as 38.

**Table 4. 1**  
**Results F test (Simultan)**  
**ANOVA <sup>a</sup>**

Model	Sum of Squares	Df	Mean Square	F	Sig .
Regression	.012	7	.002	6,836	.000 b
Residual	.008	32	.000		
Total	.020	39			

a. Dependent Variable : ROA

b. Predictors : ( Constant ), ZPR, ICG, IICR, DER, iB -VAIC, PSR

Source: Data processed 2022

Simultan test (F test) above show significant values of less than  $\alpha$  ( $0.000 < 0.05$ ). So if you refuse  $H_0$  automatically means accepting  $H_1$ . simultaneously results study This show variables independent (Islamic Corporate Governance, Intellectual Capital, Islamicity Performance Index influential positive significant to dependent variable with ROA.

Partial t-test is used to determine the magnitude of the influence variables independent in a way partial (individual) to variables dependent ( Aprianti , 2019). In this study, data (n) of 40 was used. with two-way probability. Then we get  $df = 38$  ( $40 - 2$ ). The df value of 38 produces a value in the  $t_{table}$  of 1.686. with two-way probability (two-tailed ) as big as 0.05.

**Table 4. 2****Results Test *partial t- test***

Dependent Variable : ROA

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig .
	B	Std . Error	Beta		
1 ( Constant )	-3,607	2,095		-1,722	.095
ICG	-.189	.065	- .469	-2 .927	.006
iB -VAIC	.004	.003	.236	1,563	.128
EDR	.019	.004	.653	4,987	.000
IICR	3,707	2,094	.225	1,770	.086
DER	.028	.027	.134	1,024	.313
PSR	.051	.022	.484	2,344	.025
ZPR	20,059	15,861	.223	1,265	.215

Source: Data processed 2022

**The influence Islamic Corporate Variables to Profitability**

Variables  $X_1$  that is Islamic Corporate Governance Which in proxy with the ICG Disclosure mechanism ( $H_1$ ) in a way partial get level probability as big as 0.006. It means level significant not enough from 0.05 ( $0.006 < 0.05$ ). The results the show that ICG has a significant influence on the level of profitability Islamic Bank. Results study This prove that Islamic Corporate Governance which is proxied by the ICG Disclosure mechanism has significant influence on Profitability. Matter the show that Good governance in accordance with Islamic law will optimize every function and supervision both from the board of commissioners to the sharia supervisory board have been running optimally so that ensure management has Work with Good. So that ICG mechanism can increase effectiveness monitoring, governance and sharia business values of Islamic Banking can executed in guard creation company monitoring system and the implementation of Islamic Corporate Governance. Matter the which become important factors to maximize target performance Bank General Sharia especially increased profits can achieved. Matter the strengthened in study Chintya and NR (2020) which states that ICG has a significant influence on Islamic banking performance. So that existence The sharia supervisory board,

board of directors and sharia business values implemented by Islamic Banking are able to strengthen the supervisory function. towards management. The working mechanisms of the DPS, Board of Directors and sharia business values have an impact on the performance of DPS and the board of directors can Which become reason increasing levels Profitability Bank Sharia General. The existence of the DPS and the Board of Directors carrying out their work optimally becomes guarantee increasing performance Bank General Sharia especially Profitability .

### **The influence Intellectual Capital to Profitability**

Intellectual Variables Capital ( $X_2$ ) or hypothesis ( $H_2$ ) partially obtained a significance level of 0.128. This means that the significance level greater than  $\alpha$  ( $0.128 > 0.05$ ). The results show that variables Intellectual Capital No influential against the Level Profitability of Islamic Commercial Banks. Research This show results that there is no influence between Intellectual Capital to level Profitability . With these results then existence Intellectual Capital shows that HR or Intellectual Capital owned by Islamic General Banks have not been able to provide added value Which can create superiority competitive for Bank General Sharia. Intellectual Capital not yet proven become wrong one superiority competitive company in contribution to performance company in increase And get Profitability. This is reinforced by research by Arif and Sumiati (2017) which state that banking sharia Indonesia succeed get Value Added in the utilization of expenditure on Human Resources Capital, Customer Capital And Structural Capital so as to be able to improve performance finance Which proxied with ROA.

### **Discussion**

#### ***The Islamicity Variable Performance Index which is proxied by Equitable Distribution Ratio to Profitability***

Islamicity Performance Index which in proxy with *Equitable Distribution Ratio* (EDR) in a way partial get level significant as big as 0.00. It means level significantly smaller than  $\alpha$  ( $0.00 < 0.05$ ). So the results shows that EDR has an effectsignificant impact on the level of profitability of Islamic Banks. Results study This show that IPI Which proxied with EDR own influence on profitability . This means that the size of the Board of Directors can influential to speed taking decision Which carried out by Islamic Banks. So that the Board of Directors as leadership company own task And not quite enough answer

in manage Bank General Sharia based on principle caution and principles sharia Which own influence to improvement Profitability. This proves that the size of the Board of Director s the bigger it is, the more it will be able to manage Islamic Banks well and can produce performance and profitability that tall as well as can easy reach strategy in accordance with plan

This is reinforced by research by Nursakinah and Handayani (2017) Which state that board board of directors including in *Corporate mechanism Governance* which is important, because of the size of the board big directors can provide advice on policies and source Power in taking decision Bank General Sharia more optimally than in small quantities, so that This has an impact on the Bank's performance and profitability General Sharia.

***The Islamicity Variable Performance Index which is proxied by Islamic Income vs Non-Islamic Income (IICR) to Profitability***

Variables X<sub>4</sub> that is *Islamicity Performance Index* Which in proxy with *Islamic Income vs Non-Islamic Income (IICR)* in a way partial get level significant as big as 0.086. It means level significantly greater than  $\alpha$  ( $0.086 > 0.05$ ). So the results show that comparison of non-halal income and non-halal income is not has a significant influence on the level of profitability Bank General Sharia.

***The Islamicity Variable Performance Index which is proxied by Directors Employees Wilfare Ratio to Profitability***

Variables X<sub>5</sub> that is *Islamicity Performance Index* Which in proxy with Directors Employees Wilfare Ratio (H<sub>4</sub>) in a way partial gain level significant as big as 0.103. It means level significantly greater than  $\alpha$  ( $0.103 > 0.05$ ). So the results show that big small amount committee audit No has a significant influence on the level of profitability Bank General Sharia.

***Islamicity Variable Performance Index which is proxied by composition Profit Sharing Ratio to Profitability***

Variable X<sub>6</sub> that is *Islamicity Performance Index* proxied with composition *Profit Sharing Ratio* (H<sub>6</sub>) in a way partial get level significant as big as 0.025. So that level significantly smaller than  $\alpha$  ( $0.025 < 0.05$ ). Then H<sub>0</sub> means rejected and automatically if

rejecting  $H_0$  means accepting  $H_a$ . So that research result This show *Profit Sharing Ratio* influential significantly positive on the level of profitability of Islamic Commercial Banks. It is said positive Because coefficient regression worth positive as big as 0.015. With thus results study This accept hypothesis fifth ( $H_5$ ). Profit Sharing Ratio is a profit share calculated from the total income after deducting fund management fees. Results profit sharing income obtained from financing (*mudharabah* and *musyarakah*) are able to optimize the capabilities of Islamic Bank in maximize profit Which obtained so that impact on performance islamic bank (Purnamasari, 2019).

Results study This show that *Profit Sharing Ratio* has an influence on profitability . This study proves thatthat *Profit Sharing Ratio* which is quite high illustrates that amount distribution financing *mudharabah* dan *musyarakah* increases, it can directly affect profitability Bank General Sharia. Income for results capable optimize ability BUS in maximize profit Which obtained so that impact onimprovement Bank Profitability. Matter the strengthened by study Desy (2020) Which stated that Islamic Banks with a Profit value level Sharing Ratio which is quite high illustrates that the distribution for results Also follow increase so in a way direct can optimizing the capabilities of Islamic Commercial Banks in obtainingprofit.

### **Islamicity Variable Performance Index which is proxied by composition Zakat Performing Ratio to Profitability**

Variable  $X_7$  that is Islamicity Performance Index proxied with the composition of Zakat Performing Ratio partially obtain significance level of 0.215. This means that the significance level is greater from  $\alpha$  ( $0.215 > 0.05$ ). So the results show that tall low mark Zakat Performing Ratio No have significantly influence the level of profitability of commercial banks Sharia. With thus results study This No support sixth hypothesis ( $H_7$ ). The results of this study show that Zakat Performing Ratio no own influence to Profitability. Wrong One the reason is because Islamic General Banks are still lacking consistent in paying zakat. This is proven in annual financial report data for each Islamic Commercial Bank, because the distribution of zakat funds is relatively small compared to payments tax income. So that If seen from amount zakat Which issued by bank, can implied that Bank General Sharia has not been able to achieve performance good financial performance in terms of ratio distribution zakat. This is reinforced by research by Nadiya and Fifi (2020) whichstate that Zakat Performing Ratio not influential towards increasing

the profitability of Islamic Commercial Banks. Because it does not all Islamic Bank distribute funds payment zakat every the year. There is BUS Which distribute zakat after reaching *the nisbah* (calculation) even before *haul* (one year period) but there are also those who distribute fundszakat after *haul*.

## E. Conclusions

Islamic Corporate Governance which is proxied by disclosure The structure and working mechanism of the Sharia Supervisory Board, the structure and working mechanism of the Board of Directors (BOD), and Sharia Business Ethics influence the performance of Islamic Banking. This indicates that if banks are able to manage these three aspects effectively, they will significantly contribute to increasing corporate profits. Intellectual Capital partially has no effect on the profitability level of Islamic Commercial Banks. Intellectual Capital not yet able to provide value Added on expenses for Human Resources Capital, Customer Capital and Structural Capital so as to be able to improve performance financial performance proxied by ROA. Banks are expected to For Can more transparent in publish complete and specific financial reports, especially in the financial statements order manage the company, funds zakat, And profit clean. Some Islamic Banks Still There is which not yet aware will distribution of zakat funds, zakat value become one of the important points which must noticed And improved. Because remember importance function social which valid on Islamic Bank in actualization distribution funds zakat For welfare public. For study then you can add more variables as well as indicator in Islamic Corporate Governance And Islamicity Performance Index Which more complete, updating amount year study with add amount period study more from 5 year. As well as expand The population and sample size are all types of banking, not just BUS.

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