The Influence of Maqasid Shariah Index and Shariah Business Good Governance on Profit Growth of Islamic Commercial Banks in Indonesia

Pengaruh Maqashid Syariah Index dan Good Governance Bisnis Syariah Terhadap Pertumbuhan Laba Bank Umum Syariah di Indonesia

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ABSTRACT

This research aimed to investigate the impact of Maqasid Shariah Index and Shariah business good governance on the profit growth of Islamic commercial banks in Indonesia during the period 2017 to 2021. The study employed a quantitative research method with the Panel Least Square (PLS) approach, and Lagrange Multiplier Test is used to determine the appropriate regression model. The Common Effect Model (CEM) is found to be the best fitting regression model, and after conducting the Lagrange Multiplier test, the study proceeded to examine the classical assumptions. The research population consisted of Islamic commercial banks registered with the Financial Services Authority during 2017-2021. The sample included those banks that have published financial reports and Shariah business good governance reports. The main finding of this research reveals a significant positive impact of Shariah business good governance on the profit growth of Islamic commercial banks. This indicates that the increased implementation of Shariah business good governance principles leads to a significant enhancement in profit growth. This study provided valuable insights for Islamic banks to reevaluate their business and financial governance systems to align with Islamic principles. This research provided valuable information about the importance of implementing good governance and an effective income distribution strategy for Islamic Commercial Banks, especially in the face of unexpected external challenges such as a pandemic.
Keywords: Maqasid Shariah Index, Shariah Business Good Governance, Islamic Commercial Banks, Profit Growth, Indonesia.

ABSTRAK

Penelitian ini bertujuan untuk menginvestigasi dampak Indeks Maqasid Syariah dan Good Governance Bisnis Syariah yang baik terhadap pertumbuhan laba bank umum syariah di Indonesia selama periode 2017 hingga 2021. Metode penelitian kuantitatif dengan pendekatan Panel Least Square (PLS), dan uji Lagrange Multiplier digunakan untuk menentukan model regresi yang sesuai. Common Effect Model (CEM) terbukti menjadi model regresi yang terbaik. Setelah melakukan uji Lagrange Multiplier, dilanjutkan dengan menguji asumsi-asumsi klasik. Populasi terdiri dari bank umum syariah yang terdaftar di Otoritas Jasa Keuangan selama periode 2017-2021. Sampel penelitian adalah bank-bank yang telah menerbitkan laporan keuangan dan laporan Good Governance Bisnis Syariah. Hasil utama mengungkapkan adanya pengaruh positif dan signifikan dari Good Governance Bisnis Syariah yang baik terhadap pertumbuhan laba bank umum syariah. Hal ini menunjukkan bahwa semakin bank umum syariah menerapkan prinsip-prinsip Good Governance Bisnis Syariah yang baik, maka pertumbuhan labanya akan meningkat secara signifikan. Penelitian ini memberikan wawasan yang berharga bagi bank syariah untuk mengevaluasi kembali sistem Good Governance Bisnis Syariah dan keuangannya agar sejalan dengan prinsip-prinsip syariah. Selain itu juga memberikan informasi berharga tentang pentingnya implementasi tata kelola yang baik dan strategi distribusi pendapatan yang efektif bagi Bank Umum Syariah, terutama dalam menghadapi tantangan eksternal yang tidak terduga seperti pandemi.
Kata Kunci: Indeks Maqasid Syariah, Good Governance Bisnis Syariah, Bank Umum Syariah, Pertumbuhan Laba, Indonesia.

I. INTRODUCTION

The Islamic banking industry has shown a significant increase in growth, even during the ongoing COVID-19 pandemic. Islamic banks operate based on contracts with customers, following the terms and conditions of the contracts regulated in Islamic Sharia (Ismail, 2017: 32-33). The growth of Islamic banking assets reached 15,87%, much higher than the growth of conventional banking assets, which was only 8.25% in the same period (KNEKS, 2021). Rizqi et al. (2022) explained that Islamic financial institutions have special characteristics in conducting transactions in accordance with Islamic Economic Principles, which prohibit interest and prioritize the common good, and are based on a social economy on the principles of justice and fair income distribution. In 2020, Islamic Commercial Banks contributed the most to the Islamic banking market share, reaching 64.80% in 2021 (OJK, 2021). Despite experiencing a decline in profit growth in 2020, Islamic Commercial Banks managed to recover in 2021 with profit growth that even exceeded 2019. Islamic Commercial Banks are able to survive and continue to grow during the COVID-19 pandemic, because Islamic banking is less affected by the business cycle and maintains its stability well during the COVID-19 pandemic (Zainuri et al., 2021).

Sharia Accounting Theory in Hartati (2018), which is viewed from the perspective of Baydoun and Willett (1994), stated that economic growth must create social justice, wealth distribution, and more equitable power. Therefore, financial statements based on Islamic Sharia cover various aspects, such as financial, social, environmental, material, mental, and spiritual. Another concept is that sharia added value must be obtained according to Allah's commands (halal, thoyib, and free from usury), and the distribution of added value must be based on maslahah (Hidayatulloh, 2020). Meanwhile, Maqasid Syariah is the goal taken by Islamic banks to determine most or all of Sharia Law. One of the rules is jalbu al-masalih wa dar'u al-mafasid, which means seeking good and avoiding harm (Cholifah, 2019). Islamic businesses that implement good business governance will be more likely and promise business continuity that benefits all parties, including the community (KNKG, 2011). Thus, profit growth can be an indication that corporate governance has been optimized and has been able to carry out good wealth distribution in accordance with sharia principles.

This study aimed to examine the effect of the value of Sharia Business Good Governance on the profit growth of Islamic Commercial Banks. Some previous studies have focused more on the effect of Maqasid Syariah and Good Corporate Governance on profit growth (Herlyanto, 2020) (Pertiwi, 2019). However, research on the effect of the value of Sharia Business Good Governance on the profit growth of Islamic Commercial Banks is still limited. Therefore, this research contributed by expanding understanding of the importance of implementing the value of Sharia Business Good Governance in increasing the profit growth of Islamic Commercial Banks.

One of its uniqueness is the use of the panel last square (PLS) method in analyzing the effect of the value of Islamic Business Good Governance on the profit growth of Islamic Commercial Banks. This method has not been widely used in previous studies examining the relationship between these variables (Santoso, 2022; Belianti et al., 2022; Maramis et al., 2018; Faisal, 2018). The use of the PLS method provides a more comprehensive and accurate approach in measuring the effect of these variables on the profit growth of Islamic Commercial Banks.

Research related to this topic shows different results for each variable. For example, research by Pertiwi (2019) used multiple linear regression analysis and found that the Maqashid Syariah Index variable had a significant effect on profit growth. Meanwhile, Faisal (2018) in his research found that partially Maqashid Syariah Index has no significant effect on profit growth. This study aimed to determine the effect of Maqashid Syariah Index and the value of Sharia Business Good Governance on the profit growth of Islamic Commercial Banks. Previous research by Wahid et al. (2019) showed that the bank with the best Maqasid Syariah performance is Bank Panin Syariah, while the bank with the best financial performance is Bank Mega Syariah. Santoso's research results (2022) found that the Maqashid Syariah Index has a positive effect on the profitability of Islamic Commercial Banks, while Islamic Social Reporting has no positive effect on profitability. Belianti et al. (2022) found that the Maqasid Syariah Index and company size have a positive effect on profitability. Meanwhile, Maramis (2018) found that Good Governance affects the quality of financial statements, while the application of accounting systems has no effect. Herlyanto's research results (2020) found that the implementation of Islamic business governance has no influence on the achievement of Maqasid Syariah.

The difference between this research and previous research lies in the object of research, different samples, and the research model used. This study focused more on the use of Sharia Business Good

Governance (GGBS) issued by the KNKG in 2011, and used a panel data regression model that has not been widely used in previous studies. The results of this study were expected to be a reference for Islamic banks to pay more attention to the problem of wealth distribution and comply with the GGBS guidelines issued by the government related to business in the Islamic field. The results of this study can also be useful for Muslim customers as a reference in choosing an Islamic bank.

II.   LITERATURE REVIEW

This study used the Grand Theory, namely Sharia Enterprise Theory, which presents a value-added statement as one of the company's financial statements. This financial report provides information about the added value generated by the company and how the added value is distributed to related parties, both internal to the company and external such as zakat recipients and the natural environment (Hidayatulloh, 2020). Still according to Hidayatullah (2020), financial reports based on Islamic Sharia include financial, social and environmental aspects. Management must distribute, present, and apply sharia added value based on Allah's commands, such as halal, thoyib, and free from usury. In addition, the distribution of added value should be based on maslahah (benefit) and 'is (justice). The disclosure of sharia business information, such as the Sharia Business Good Governance (GGBS) report and the disclosure of maqashid sharia elements in the annual report, which has been implemented by Islamic banks, can prove that management has managed the company's resources effectively and efficiently and increased the company's profit growth (Supitriyani et al., 2020). The reason is because Islamic banks are banks that operate based on Islamic Law and do not use the interest system in their transactions. For example, an Islamic commercial bank is an Islamic bank that stands alone, separate from conventional banks according to its deed of establishment (Andrianto & Firmansyah, 2019).

Maqashid Syariah Index

Maqashid sharia is the goal taken by sharia to determine all or most of Sharia Law. One of the rules applied is jalbu al-masalih wa dar'u al mafasid which means seeking profit and avoiding loss (Cholifah, 2019). Therefore, in running a business, the main goal is indeed to make a profit, but it must be balanced with worship obligations because it will be accounted for in the afterlife. Thus, in a business that complies with sharia principles, the goal is not only to enrich oneself, but also to provide benefits to others. The measurement of maqashid sharia performance is carried out in three stages. First, the performance ratio of each sharia maqashid is assessed, such as educational assistance, research expenses, training expenses, promotion expenses, net profit, mudharabah and musyarakah financing, interest-free income, net profit, zakat, and real sector investment. Second, Islamic banks are ranked based on weighted performance indicators. Third, the maqashid syariah index is determined as the total maqashid syariah performance of maqashid syariah objectives using performance indicators in accordance with maqashid syariah principles.

Maqashid syariah index was developed by Mohammed et al. with three objectives for the measurement of maqashid syariah index (MSI). This maqashid syariah index is a further development of the concept of maqashid shariah which consists of three main objectives, namely educating individuals (Tahdzib al-Fardi), upholding justice (Iqamah al-Adl) and obtaining profit or wealth (Jalb al-Maslahah). Islamic banks not only pursue profits in their business, but also try to realize national development by measuring success in terms of human welfare (Ismail, 2017:30). Ridwansyah explained the maqashid syariah index (MSI) approach conducted by Mohammed et al., which is an approach that can show how well Islamic banks perform in muamalah fiqh which is applied in the form of a comprehensive strategy (Pertiwi, 2019).

H1: Maqashid Syariah Index affects the profit growth of Islamic Commercial Banks

Shariah Business Good Governance

Good governance is the process of service institutions in managing public resources and ensuring the realization of human rights. The main principles are transparency, participation, and accountability (Watimena, 2020). The implementation of good governance also has a spiritual dimension as a form of responsibility and the value of worship to Allah. Upholding taqwa in doing business can be done on the basis of goodness and justice, and leaving everything that is haram. These actions are not only good deeds for the perpetrators, but also lead to good business and blessed by Allah. We are prohibited from committing false acts in carrying out business activities to obtain wealth. These principles are in line with the vision of Islamic banks that are aimed at material and spiritual achievement (Belianti et al., 2022). The purpose of implementing good governance is to protect the rights and interests of shareholders (KNKG 2011).

Profit growth is an indicator of company performance that shows the company's ability to increase profits from year to year (Pertiwi, 2019). The high profit earned by the company allows the company to provide higher dividends to shareholders, which is a measure of the success of this profit growth. In measuring profit, the company determines the amount of profit recorded and reported in the financial statements, which depends on the income and expenses faced by the company. The accounting treatment of profit must be consistent and not deviate from the accounting treatment of income (Pertiwi, 2019). The maqashid syariah index performance measurement model by assessing the performance ratio of each maqashid syariah: Educational assistance/Total expenses, Research expenses/Total expenses, Training expenses/Total expenses, Promotion expenses/Total expenses, Net profit/Total revenue, Mudharabah and Musharakah financing/Total financing, Interest-free income/Total revenue, Net profit/Total assets, Zakat/Net assets, Real sector investment/Total investment (Mohammed et al., 2008).

H2 : Shariah Business Good Governance affects the profit growth of Islamic Commercial Banks

Profit Growth

Optimal profit growth reflects that the system contained in the company has operated effectively and efficiently. Earnings growth is also a reference for investors in making investment decisions. Investors expect annual profit growth so that the company can pay higher dividends, thus showing that profit growth has a very important role in the banking industry (Pertiwi, 2019). Profit is the main goal of the company, and the company carries out various strategies to increase its profits. In banks engaged in services, various innovations are made to their products and services so that they are seen by investors and favored by customers. The preparation of the research paradigm must be in accordance with a good framework that can explain theoretically the variables studied, so it is necessary to explain the effect of the relationship between the independent variable and the dependent variable (Sari, 2018).

In this study, the framework is based on the main foundation of the Al-Quran letter Az-Zariyat verse 56, which emphasizes that all activities carried out by humans on earth are an act of worship (Ministry of Religion, 2019). The meaning of "worship" here is that every business activity that has the aim of obtaining wealth must be carried out with distribution management, presentation, and application of Islamic Sharia in carrying out its business transactions. This is in line with the research theory used, namely Sharia Enterprise Theory which proposes the concept of value added statement as one of the company's financial statements. The financial statements must provide information about the added value created by the company and how the added value is distributed to other parties such as internal parties, parties related to the company's business, zakat recipients, and the natural environment (Hidayatulloh, 2020).

In addition, referring to the Islamic Accounting Theory described by Baydoun and Willett (1994), it can be concluded that economic growth based on sharia principles must be able to produce social justice, wealth distribution, and strengthen equality in society (Hartati, 2018). So that in this study, the selection of variables is based on two main aspects, namely the concept of social justice and wealth distribution in line with the Maqashid Syariah Index (X1), and the distribution of power in line with the value of Islamic business good governance (X2). The implementation of financial statements by Islamic banks can reflect the ability of management to manage company resources effectively and efficiently, and this can be manifested in the profit growth (Y) achieved by Islamic banks.

III. RESEARCH METHOD

This research was a type of descriptive quantitative research that aimed to explain the hypothesis under study and analyze Maqashid Syariah Index data, the value of Sharia Business Good Governance, and profit growth at Islamic Commercial Banks registered with OJK. The population used in this study were Islamic Commercial Banks, and the sample collection technique used was purposive sampling. Samples were selected based on certain criteria, namely Islamic Commercial Banks registered with the OJK for the period 2017-2021 and have published financial reports during that period. The 2017-2021 period was chosen so that researchers could see the long-term impact of the Maqashid Syariah Index and Sharia Business Good Governance on the profit growth of Islamic Commercial Banks, including before, during, and after the COVID-19 pandemic. By involving this time span, the research can provide a more comprehensive understanding of the effect of these variables on the performance of Islamic banks under different conditions and identify the potential long-term impact of sharia practices and good business governance in situations that change over time.

The operational definition of each variable is described as follows. First, Maqashid Syariah Index.

$$Maqashid\ index = P1(O1) + P1(O2) + P1(O3) \quad (1)$$

The Maqashid Syariah Index consists of 3 indicator objectives, namely P1(O1) = Total performance indicators of the first objective, P1(O2) = Total performance indicators of the second objective, P1(O3) = Total performance indicators of the third objective. Table 1 explains the details of each indicator objective.

Table 1. Maqashid Syariah Index Indicator

Concept (Purpose)	Dimensions	Elements	Performance Ratio
Educating Individuals	D1. Advancing Knowledge	E1. Education Support	R1. Education support / Total expenses
		E2. Research	R2. Research expenses / Total expenses
	D2. Apply and improve new skills	E3. Training	R3. Training expenses / Total expenses
	D3. Creating awareness of Islamic banking	E4. Publications	R4. Promotion expenses / Total expenses
Upholding Justice	D4. Fair return	E5. Fair return	R5. Net profit / Total revenue
	D5. Affordable products and services	E6. Distribution function	R6. Mudharabah and musyrakah financing / Total financing
	D6. Eliminate injustice	E7. Interest-free products	R7. Interest-free income / Total income
Maintaining Prosperity	D7. Bank profitability	E8. Profit ratio	R8. Net income / Total assets
	D8. Income distribution & welfare	E9. Individual income	R9. Zakat/Net assets
	D9. Investment in the real sector	E10. Real sector investment ratio	R10. Real sector investment / Total investment

Second, Shariah Business Good Governance variable. Check listed against indicators of GGBS assessment that has been prepared, then the calculation of indicators was carried out by summing the indicators that were revealed and measured the GGBS variable. Third, profit growth.

$$Profit\ Growth = \frac{Net\ profit\ (t) - Net\ profit\ (t-1)}{Net\ profit\ (t-1)}$$

Description: Net profit (t) = Net profit for year t; Net profit (t-1) = Net profit for the previous year

Table 2. Shariah Business Good Governance Indicators

No.	Indicators	Yes	No
1	GGBS-related implementation report and statement		
2	Aspects that have not been implemented with reasons		
3	Names of members of the board of commissioners by stating their status, namely independent commissioners or non-independent commissioners		
4	Description of the functions and working mechanism of the board of commissioners		
5	Number of meetings conducted by the board of commissioners, as well as the attendance of each member of the board of commissioners in the meeting		
6	Mechanism and criteria for self-assessment of the performance of each member of the board of commissioners		
7	Name of members of each committee		
8	Description of the function and working mechanism of each committee		
9	Number of meetings conducted by each committee and attendance of each member		
10	Mechanism and criteria for assessing committee performance		
11	Report on the implementation of committee duties		
12	Name of members of the sharia supervisory board		
13	Number of meetings conducted by the sharia supervisory board, as well as the attendance of each member in the meeting		
14	Mechanism and performance self-assessment of the performance of each member of the sharia supervisory board		
15	Names of members of the board of directors with their respective positions & functions		

16	A brief explanation including the decision-making mechanism and delegation of authority mechanism regarding the working mechanism of the board of directors
17	Number of meetings and attendance conducted by the board of directors
18	Mechanisms and criteria for assessing the performance of members of the board of directors
19	A statement regarding the effectiveness of the implementation of the risk control system and the internal audit and supervision system
20	Vision, mission and corporate values
21	Majority owner
22	Profit and loss sharing based investor
23	In the case of sharia business entities in the form of PT, the policy and amount of remuneration of the board of commissioners, sharia supervisory board and directors
24	Transactions with parties that have a conflict of interest
25	The results of the assessment of the implementation of GGBS reported at the annual general meeting of owners
26	Extraordinary events that have been experienced by the company and can affect the company's performance
27	Payment of zakat obligations and implementation of corporate social responsibility
28	Implementation of the function as a recipient and distributor of other social funds in the form of zakat, infaq, sadaqah, and waqf
29	Policies to ensure the effective implementation of the functions of each organ of the company
30	Policies to ensure the implementation of accountability, effective internal control and correct financial reporting
31	Operational policies related to the implementation of profit-sharing and other Islamic business schemes
32	Code of conduct based on corporate values and business ethics
33	Means of disclosing information to enable assessment by shareholders and other stakeholders
34	Policies for improving various company regulations in order to fulfill GGBS principles
35	Policies to assess the implementation of GGBS by sharia business actors
36	Building understanding, concern, and commitment to implement GGBS by all members of the board of directors and commissioners, sharia supervisory board, as well as controlling shareholders and all employees
37	Conducting a review of the company's conditions related to the implementation of GGBS and the necessary corrective actions
38	Develop programs and guidelines for the implementation of the company's GGBS
39	Internalize the implementation of GGBS so that a sense of ownership is formed from all parties in the company, as well as an understanding of the implementation of GGBS guidelines in daily activities
40	Provide information that enables stakeholders to periodically assess the implementation of GGBS
41	Conducting self-assessment or by using the services of an independent external party to ensure the implementation of GGBS on an ongoing basis. The results of the assessment are disclosed in the annual report and reported in the annual GMS
42	Implementing sharia business ethics consistently so as to help realize an Islamic, healthy, efficient, and transparent business climate
43	Comply with the provisions and stipulations of sharia in business affairs, in a halal, good (thayyib) manner, in terms of substance (dzat) and method
44	Comply with and implement regulations in accordance with applicable legislation
45	Apply the rules and regulations in the form of specific rules of organization or management in the business world
46	Improving the quality of the management structure and work patterns of the business world and corporations based on the principles of GGBS on an ongoing basis
47	Carry out the function of ombudsman to accommodate information about the possibility of fraud

The data collection method used indirect observation and library research methods. Indirect observation was done by opening and downloading financial reports from the object of research website, namely Islamic Commercial Banks registered with the OJK. Literature study was used to collect data from various books, literature, notes, and reports related to research problems. The type of data used was

quantitative data, which was used to analyze the relationship between the Maqashid Syariah Index variable and the value of sharia business good governance on the profit growth of Islamic Commercial Banks from 2017 to 2021. The data source used was secondary data, which was obtained indirectly through other people, profiles, books, reports, and related literature. The secondary data comes from the annual financial statements of Islamic Commercial Banks obtained through the OJK's official website in 2017-2021 and the official websites of Islamic banks registered with the OJK as Islamic Commercial Banks. The variables that became the object of research were Maqashid Syariah Index (X1), the value of shariah business good governance (X2), and profit growth (Y). Each variable was measured by the natural logarithm at the end of the year to avoid bias due to differences in the value of the numbers on the variables used. This study used panel data estimation models, which included the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). The selection of the estimation model was based on the results of the Hausman test, Chow test, and Lagrange multiplier test. The classical tests carried out include normality test, heteroscedasticity test, multicollinearity test, and autocorrelation test to ensure the validity and reliability of the data used.

This study aimed to analyze the impact of the Maqashid Syariah Index and the Value of Sharia Business Good Governance on the Profit Growth of Islamic Commercial Banks in the period 2017 to 2021. The object of research was Islamic Commercial Banks registered with the Financial Services Authority (OJK). The data used in this study were secondary data in the form of financial reports obtained from the official websites of Islamic banks registered as Islamic Commercial Banks. Sampling was carried out using purposive sampling technique, which resulted in 10 Islamic banks that fit the predetermined criteria. Of the 15 banks registered with OJK during this period, 10 banks have published their financial reports in the period 2017-2021.

Table 3. List of Islamic Commercial Bank Population

No.	Name of Islamic Bank	Financial Report					GGBS Report				
		2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
1.	Bank Aceh Syariah	●	●	●	●	●	●	●	●	●	●
2.	Bank NTB Syariah	●	●	●	●	●	●	●	●	●	
3.	Bank Muamalat	●	●	●	●	●	●				●
4.	Bank Victoria Syariah	●	●	●	●	●	●	●	●	●	●
5.	BRI Syariah				●				●	●	●
6.	BJB Syariah	●	●	●	●	●	●	●	●	●	●
7.	BNI Syariah				●						
8.	Syariah Mandiri	●	●	●	●						
9.	Mega Syariah	●	●	●	●	●	●	●	●	●	●
10.	Panin Dubai	●	●	●	●	●	●	●	●	●	●
11.	Bukopin Syariah	●	●	●	●	●	●	●	●	●	●
12.	BCA Syariah	●	●	●	●	●	●	●	●	●	●
13.	BTPN Syariah	●	●	●	●	●	●	●	●	●	●
14.	Aladin Syariah	●	●	●	●	●	●	●	●	●	●
15.	BSI	●	●	●	●	●	●	●	●	●	●

Description:

● = Publish the report

[grey] = No publication report

[orange] = Banks that do not meet the criteria

IV. RESULTS AND DISCUSSION
RESULTS
Descriptive Statistics

Descriptive statistics have an important role in presenting a description of the data that has been collected and will be managed so that it is easy to examine, with the aim of making conclusions that apply generally (Firmansyah, A. & Triastie, G, 2021: 93). The independent variables in this study were the Maqashid Syariah Index (MSI) and the value of sharia business good governance (GGBS), while the dependent variable used was profit growth. Descriptive statistical data includes mean, median, standard deviation, maximum value, minimum value, and sample size.

Descriptive statistical analysis testing helped researchers understand and summarize data to make it easier for readers to understand. The presentation of descriptive statistical analysis data is displayed

in tabular form, which contains research variables such as profit growth, Maqashid Syariah Index, and the value of Islamic business good governance. The following are the results of descriptive statistical data processing in the following table:

Table 4. Table of Descriptive Statistical Analysis Test Results

	Profit	MSI	GGBS
Mean	-1.149577	-1.576637	3.807063
Median	-0.930933	-1.708722	3.806662
Maximum	1.725300	1.312000	3.828641
Minimum	-5.958100	-4.870940	3.784190
Std. Dev.	1.463116	1.120101	0.009506
Observations	50	50	50

Based on table 4, it can be seen that the earnings growth variable had an average value of -1.149577, with a median value of -0.930933. The highest value of the earnings growth variable occurred in Maybank Syariah in 2018, reaching 1.725300, while the lowest value occurred in Panin Dubai Bank in 2017, reaching -5.958100. The standard deviation of the earnings growth variable was 1.463116. In addition, table 2 also shows the value of the MSI variable, which had an average value of -1.576637, and a median value of -1.708722. Bank BJB Syariah in 2019 had the highest value of the MSI variable, which was 1.312000, while BCA Syariah in 2017 had the lowest value, which was -4.870940. The standard deviation of the MSI variable was 1.120101. There is a negative MSI value due to the existence of a negative MSI performance ratio, namely net profit contained in O2 and O3. Some banks that experienced losses in the observation year included Bank Victoria Syariah which experienced losses in 2020 and 2021, BJB which experienced losses in 2017, Bank Panin Syariah experienced losses in 2017 and 2021, Bank Bukopin experienced losses in 2020, and Bank Aladin Syariah experienced losses in 2017, 2018 and 2021. Meanwhile, the GGBS variable had an average value of 3.807063, with a center value of 3.806662. The standard deviation of the GGBS variable is 0.009506.

Determination of Panel Data Regression Model

In this study, the Lagrange Multiplier test was used which showed that the CEM model was the best regression model. After conducting the test, the next step was the classical assumption test. The following are the results of the Lagrange Multiplier test using :

Table 5. Table of Lagrange Multiplier Test Results

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	0.134704	0.333060	0.467764
	(0.7136)	(0.5639)	(0.4940)
Honda	-0.367020	-0.577114	-0.667604
	--	--	--
King-Wu	-0.367020	-0.577114	-0.683774
	--	--	--
Standardized Honda	0.030806	-0.316089	-3.666163
	(0.4877)	--	--
Standardized King-Wu	0.030806	-0.316089	-3.494455
	(0.4877)	--	--
Gourierioux, et al.*	--	--	0.000000
			(>= 0.10)

*Mixed chi-square asymptotic critical values:

1%	7.289
5%	4.321
10%	2.952

Using the Breusch-Pagan method, the P-value was 0.7136, which was > 0.05. Therefore, the Lagrange Multiplier test shows that H0 is accepted, which means that the best estimation method is the common effect model.
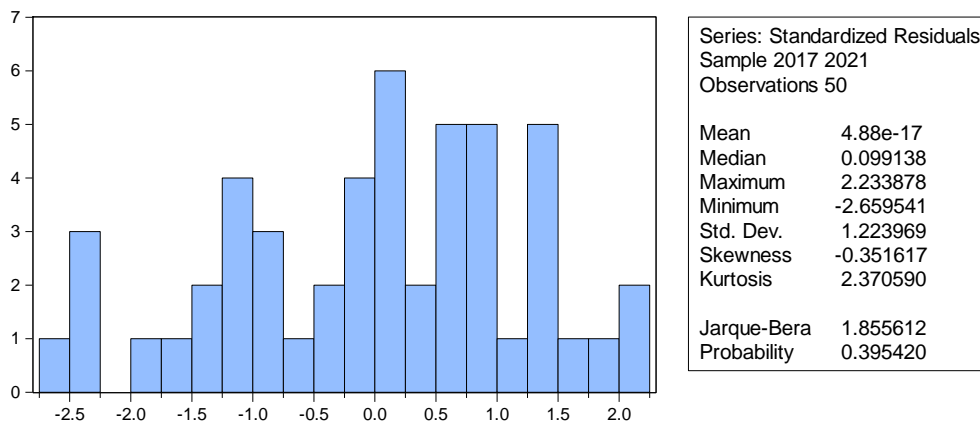
Figure 1. Research Histogram

Based on figure 1 histogram, the Jarque-Bera probability value was 0.395420. Because the Jarque-Bera probability value is greater than 0.05, H0 is accepted, which indicates that the data distribution of profit growth variables, Maqashid Syariah Index, and the value of Sharia Business Good Governance is normally distributed.

Table 6. Heteroscedasticity Test Table

Heteroskedasticity Test: Breusch-Pagan-Godfrey			
F-statistic	2.514053	Prob. F(2,47)	0.0918
Obs*R-squared	4.832106	Prob. Chi-Square(2)	0.0893
Scaled explained SS	4.816942	Prob. Chi-Square(2)	0.0900

Based on table 6, it can be concluded that there is no heteroscedasticity between the Maqashid Syariah Index variable and the value of Sharia Business Good Governance on the profit growth of Islamic Commercial Banks. This can be seen from the Chi-square probability value of 0.08, which is greater than 0.05, indicating that no heteroscedasticity problem occurs.

Table 7. Multicollinearity Test Table

	MSI	GGBS
MSI	1.000000	-0.013172
GGBS	-0.013172	1.000000

Table 7 shows that there is no indication of multicollinearity between variables X1 (Maqashid Syariah Index) and X2 (Sharia Business Good Governance Value). This can be concluded from the magnitude of the correlation value between X1 and X2, which only amounted to -0.013. The correlation figure is far below the predetermined threshold value of 0.90. Therefore, it can be confirmed that there is no multicollinearity problem between X1 and X2 in this analysis.

Table 8. Autocorrelation Test

Breusch-Godfrey Serial Correlation LM Test			
F-statistic	0.725284	Prob. F(2,45)	0.4898
Obs*R-squared	1.561411	Prob. Chi-Square(2)	0.4581

Based on table 8, the Chi-square probability value was 0.4581 > 0.05, so it can be concluded that there is no autocorrelation. Furthermore, the following are the results of Panel data regression through the CEM estimation approach:

Table 9. Common Effect Model Table

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-273.4936	120.4545	-2.270515	0.0279
MSI	0.031059	0.127003	0.244556	0.8079
GGBS	6.054664	2.675313	2.263161	0.0284
R-squared	0.101001	Mean dependent var		-0.821020
Adjusted R-squared	0.061914	S.D. dependent var		8.276445
S.E. of regression	8.016137	Akaike info criterion		7.060060
Sum squared resid	2955.889	Schwarz criterion		7.175886
Log likelihood	-169.9715	Hannan-Quinn criter.		7.104005
F-statistic	2.584011	Durbin-Watson stat		1.260202
Prob(F-statistic)	0.086390			

The adjusted R-square value was 0.061914, while the standard error of the regression model was

8.016137 (S.E. of regression). The standard error which is smaller than the standard deviation of the response variable (S.D. dependent var) which was 8.276445 indicates that the regression model is valid as a predictor model. This indicates that the independent variables in this study only affect 6% of the dependent variable, while the remaining 94% is explained by other factors outside the independent variables Maqashid Syariah Index and the value of Islamic business good governance used in this study. This shows that there are still many other factors that can affect the dependent variable, profit growth.

Table 7 shows that the probability value for the Maqashid Syariah Index variable was 0.8079 > 0.05. Based on this probability value, it can be concluded that H0 is accepted and H1 is rejected, meaning that the Maqashid Syariah Index variable has no significant effect on profit growth. Meanwhile, the sharia business good governance value variable shows that the probability value was 0.0284 <0.05. This proves that H1 is accepted and H0 is rejected, which means that the Islamic business good governance value variable has a significant effect on profit growth.

Furthermore, based on table 7, the probability value was 0.086390 > 0.05, and the F-statistic value was 2.58401 < 2.79. Based on this probability value and F-statistic, it can be concluded that H1 is rejected and H0 is accepted, which means that there is no simultaneous significant influence between the Maqashid Syariah Index variable and the value of Islamic business good governance on profit growth.

DISCUSSION

The Effect of Maqashid Syariah Index on Profit Growth

The results of this study indicate that the Maqashid Syariah Index in this study has a positive, but insignificant effect on the profit growth of Islamic Commercial Banks listed on the Indonesian Financial Services Authority. Based on Sharia Enterprise Theory, the implementation of Maqashid Syariah is a form of vertical accountability, namely direct accountability to Allah. In this case, Islamic banks need to set aside part of their wealth to run according to sharia principles and avoid moral hazard practices.

Although Islamic Commercial Banks have implemented wealth distribution in accordance with the principles of the Maqashid Syariah Index, the amount of funds distributed does not reach a number that is balanced with profit growth. The CEM test results showed a value of 0.8079, which is greater than 0.05, indicating that the Maqashid Syariah Index has no significant effect on the profit growth of Islamic Commercial Banks. The results of this study are in line with previous research, such as that conducted by Faisal (2018), which showed that partially the Maqashid Syariah Index had no significant effect on profit growth. However, other studies, such as those conducted by Santoso (2022) and Belianti et al., (2022), showed positive results on the effect of the Maqashid Syariah Index on bank profitability.

On the other hand, the variable value of Sharia Business Good Governance shows a significant positive effect on the profit growth of Islamic Commercial Banks. This means that the more Islamic Commercial Banks implement the value of Sharia Business Good Governance better, the profit growth will increase positively and significantly. In conclusion, this regression model shows that the Maqashid Syariah Index has a positive, but insignificant influence, while Sharia Business Good Governance has a positive and significant influence on the profit growth of Islamic Commercial Banks.

The Effect of Shariah Business Good Governance on Profit Growth

The results of this study present the mean value, median value, highest value, and smallest value of the variable " Shariah Business Good Governance." The mean value of the variable was 3.807063, the median value was 3.806662, the highest value was 3.828641, and the smallest value was 3.784190. Furthermore, the CEM test shows results with a value of 0.0284, which is smaller than the significance value of 0.05. This means that the variable " Shariah Business Good Governance " has a significant influence on the profit growth of Islamic Commercial Banks. In addition, this study found that the implementation of good governance also has a positive influence on the quality of financial statements.

The results of this study support the findings conducted by Puspitawati et al. (2019) on the mechanism of good corporate governance on earnings quality, which showed a significant and positive effect on earnings quality. These findings are also in line with Rangga's (2017) research on good corporate governance on the profit growth of Islamic banks in Indonesia, which showed an influence of 13% compared to the Maqashid Syariah Index. The results of this study are also in line with Baydoun and Willet's (1994) viewed that the financial reporting of Islamic institutions aims to demonstrate operational compliance with sharia rules and contribute to the broader interests of the form of distribution to all stakeholders (Hidayatulloh, 2020).

However, the results of this study are not in line with the findings of Wahyulaili (2018) regarding sharia business good governance on the performance of Islamic Commercial Banks. The study found

that shariah business good governance has a negative effect on the performance of Islamic Commercial Banks. In addition, the results of research conducted by Pertiwi (2019) also contradicted these findings, because it found that good corporate governance based on the 2011 KNKG as measured through the variables of the board of commissioners and audit committee had no significant effect on the profit growth of Islamic banks.

V. CONCLUSION

Based on the results of the analysis and discussion that the researchers have explained, it can be concluded that the Maqashid Syariah Index has no significant positive effect on the profit growth of Islamic Commercial Banks registered with the OJK for the 2017-2021 period. This is likely due to the Covid-19 pandemic which has disrupted financial performance, not only in Indonesia but also around the world. However, the value of "shariah business good governance" is proven to have a significant positive effect on the profit growth of Islamic Commercial Banks listed in the OJK for the period 2017-2021. This success can be attributed to the implementation of good bank governance procedures by Islamic Commercial Banks, in accordance with the guidelines set by the KNKG 2011. From the results of this study, it can be stated that a good governance system and efficient income distribution contribute positively to profit growth. It is important to note that the unexpected Covid-19 pandemic situation may have a significant impact on the results of this study and may be a factor affecting the findings related to the Maqashid Syariah Index. Furthermore, this study provides valuable information on the importance of implementing good governance and effective income distribution strategies for Islamic Commercial Banks, especially in the face of unexpected external challenges such as a pandemic. This study had limitations that affected the results of the study, these limitations were: - Researchers did not use sustainability reports so that the elements on the maqashid sharia index variable were incomplete and affected the results of the study: Researchers do not use sustainability reports so that the elements in the maqashid syariah index variable are incomplete and affect the research results. Incomplete financial reports and GGBS of Islamic Commercial Banks registered with OJK so that researchers had to exclude the bank from the research sample.

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