

Islamic Corporate Governance (ICG) On Sharia Financial Performance with Islamic Social Reporting (ISR) As A Moderating Variable

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Abstract

This study aims to determine the effect of Islamic Corporate Governance (ICG) on Financial Performance with Islamic Social Reporting (ISR) as a Moderating Variable in Islamic Commercial Banks in Indonesia for the 2018-2020 period. The sample of this study was determined by purposive sampling method with criteria determined by the researcher, the analytical method used was multiple linear regression analysis with Moderated Regression Analysis (MRA) test using Eviews 10 data processing software. The results showed that the variables Number of Board of Commissioners, Number of Number of Audit Committees, Number of Board of Directors and Number of DPS had a positive and significant effect on Islamic Financial Performance. Sharia Finance, ISR cannot moderate the influence of the Number of Board of Directors on Sharia Financial Performance, ISR can moderate (strengthen) the influence of the Number of Audit Committees on Sharia Financial Performance, ISR cannot moderate the influence of the Number of Board of Directors on Sharia Financial Performance.

Keywords

islamic corporate governance (ICG); financial performance; islamic



I. Introduction

Corporate governance is an important part of companies such as the sharia supervisory board, board of commissioners, board of directors and audit committee that will affect the disclosure of ISR. In Islamic financial institutions, the existence of the Sharia Supervisory Board (DPS), the Board of Commissioners, the Board of Directors and the Audit Committee also influences the level of disclosure of company information (Bukair & Rahman, 2015). The Sharia Supervisory Board (DPS) has a very important position, because the sharia supervisory board regulates corporate governance in Islamic banks. Sharia governance can be a performance of a business, especially if the business has sharia principles in its operations. Therefore, the implementation of good corporate governance is a mandatory requirement required by a company in maintaining the existence of the company, especially financial institutions to develop properly and healthily (Nugroho, 2015). In addition, the implementation of good corporate governance can reduce actions that can harm the company that can be carried out by an internal person in the company. Organization must have a goal to be achieved by the organizational members (Niati et al., 2021). The success of leadership is partly determined by the ability of leaders to develop their organizational culture. (Arif, 2019). An indicator of financial performance used in this study is Return On Assets. The reason the researcher chose Return on Assets as the independent variable is that ROA is one of the profitability ratios. In an analysis of financial statements, this ratio is most often used in research, because it is

able to provide company success and generate profits. ROA can measure the company's ability to generate a profit in the past and then projected in the future. ISR disclosure is part of the guidelines in implementing Good Corporate Governance and Islamic

Corporate Governance is one of the activities of corporate governance in Islamic banking. If good corporate governance is carried out, investors will invest so that the company's performance will increase because an investor will believe that companies with good corporate governance practices are able to make better performance and better return on investment (Aras and Crowther, 2008). If the company's financial performance is high, the disclosure of corporate social responsibility will be even greater. To carry out an effective Islamic Social Reporting (ISR) with Islamic principles, it must be supported by good financial strength, moreover the disclosure of Islamic Social Reporting (ISR) is still a voluntary activity that must be based on the company's own awareness. Islamic Social Reporting (ISR) is a non-financial activity that requires large funds to carry out.

II. Review of Literature

2.1 Agency Theory

Agency theory explains the relationship between owners and managers. According to Messier, Glover, and Prawitt (2017), Based on this theory, there is a separation between the owner (principal) and the manager of the company (agent) causing agency problems. Furthermore, the separation of owner and manager also creates information asymmetry, which is a situation where the agent has access to information that is not owned by the principal. Information asymmetry arises when the agent knows more (know) internal information and future prospects, compared to knowledge about information that is known/known by the principal and other stakeholders.

2.2 Structure of Islamic Corporate Governance (ICG)

The banking governance structure when viewed in general terms, especially with regard to the provisions of Bank Indonesia regarding the implementation of Islamic Corporate Governance, the governance structure has regulated the number, composition, criteria and independence of the Board of Commissioners and the Board of Directors (including the Director of Compliance) which has referred to the applicable laws and regulations. exist, including Law no. 40 of 2007 concerning Limited Liability Companies. Indicators of Islamic Corporate Governance indirectly play a role in supervising the compliance of Islamic banks, one of which is the board of commissioners, audit committee, and sharia supervisory board. Previous studies that used corporate governance in Islamic banking include Khoirudin (2013), Kholid and Bachtiar (2015).

2.3 Board of Commissioners

The Board of Commissioners is an organ of the company that has the duty and responsibility for general or specific supervision in accordance with the articles of association and providing advice to the board of directors. 40 of 2007 concerning Limited Liability Companies, is a company organ whose job is to supervise in general or specifically in accordance with the articles of association and provide advice to directors (Effendy, 2016).

2.4 Board of Directors

According to Article 1 in Law no. 40 of 2007 concerning Limited Liability Companies, the board of directors is a company organ that is authorized and fully responsible for the management of the company for the benefit of the company, and represents the company, both inside and outside the court, in accordance with the provisions of the articles of association (Effendy, 2016).

2.5 Audit Committee

According to the explanation of Article 121 Paragraph (1) of Law no. 40 of 2007 concerning Limited Liability Companies (UUPT), the Audit Committee is one type of committee formed by the Board of Commissioners. According to PBI Number 8/4PBI/2006 Independent Commissioners and Independent Parties who are members of the Audit Committee as referred to in paragraph (1) are at least 51% (fifty one percent) of the total members of the Audit Committee. So that the Audit Committee is headed by an Independent Commissioner and its members may consist of the Board of Commissioners and professional actors from outside the company. One member has an accounting or financial background and skills.

2.6 Sharia Supervisory Board

Sharia supervisory board is a general term used in Indonesia to refer to sharia internal supervision institutions in Islamic banks. The number of DPS members must also comply with the provisions adjusted by Bank Indonesia Regulation Number 11/3/PBI/2009 dated January 29, 2009 which stipulates that the DPS members are at least 2 (two) people and a maximum of 50% of the total members of the Board of Directors. The maximum term of office is the same as that of a member of the Board of Directors or the Board of Commissioners. Members may only hold concurrent positions as members of the Sharia Supervisory Board in a maximum of two banking institutions and two non-bank Islamic financial institutions. One member of the Sharia Supervisory Board is allowed to hold concurrent positions as a member of the DSN. Members of the Sharia Supervisory Board are classified as sharia bank affiliated parties

2.7 Financial performance

According to Kamaludin (2011) the profitability ratio shows a picture of the level of effectiveness of the company's management in generating profits. This ratio is a measure of whether the owner or shareholder can get a reasonable rate of return on their investment. To measure the financial performance ratios are as follows: n Return on Assets (ROA) This ratio is used to measure the ability of bank management to obtain overall profit (profit). One of the successes of measuring a company's financial performance is by measuring the rate of return on assets or Return On Assets (ROA), which of course can make a benchmark in the return of company decisions. ROA can also be used to assess the condition of bank profitability in Indonesia. ROA shows the company's ability to use all of its assets to generate after-tax profits. The greater the ROA, the more efficient the use of company assets or in other words the same amount of assets can generate greater profits, and vice versa.

2.8 Islamic Social Reporting (ISR)

The emergence of the need for disclosure of social responsibility in Islamic banking, researchers use Islamic Social Reporting (ISR) to measure social disclosure in Islamic financial institutions. The ISR index is believed to be the first step in the disclosure

standards of Corporate Social Responsibility that are in accordance with the Islamic perspective. Islamic Social Reporting (ISR) is a benchmark for the implementation of social responsibility that contains a collection of standard social disclosure items that are regularly compiled and set by AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions) which are then developed more broadly by researchers regarding items -disclosure items that should be submitted by an Islamic entity (Othman, Thani, & Ghani, 2009).

2.9 Hypothesis Development

The existence of a board of commissioners will be beneficial for the company and can increase the value of the company. The supervisory function carried out by the board of commissioners minimizes opportunistic actions that can be taken by the board of directors or managers so that the resulting performance is in accordance with the interests of shareholders. The composition of the board of commissioners reflects the effectiveness of the supervisory function. Good performance or value is not achieved if the implementation of ICG is not good, therefore the presence and proportion of commissioners in supervising the managers and directors related to the management of the company which has implications for the value of the company can be achieved properly. This supports the results of research conducted by Al-Amameh, (2014) which examines ICG, ownership structure and bank performance, will improve the company's financial performance because of the resource dependency theory, that with a larger number of commissioners increasing access to various resources to the external environment and having a positive impact on company performance. Based on the description above, the following hypothesis can be formulated:

III. Research Method

3.1 Population and Sample

This research was conducted on Islamic Commercial Banks in Indonesia registered by examining the financial statements of Islamic Commercial Banks in Indonesia in the period 2018-2020.

3.2 Operational Definition and Measurement of Variables

a. Dependent Variable

Measurement of the dependent variable on Financial Performance using Return on Assets (ROA). According to Harianto (2017) the selection of ROA as a proxy for a company's financial performance because ROA is used to measure the ability of bank management to obtain overall profits.

b. independent variable

In research to measure the variable Islamic Corporate Governance (ICG) using indicators of four (4) independent variables, namely:

- Variable Number of Board of Commissioners
The board of commissioners is responsible for overseeing the actions of the board of directors and providing advice to the board of directors if deemed necessary.
- Variable Number of Board of Directors
The board of directors functions to carry out the management of the Company for the benefit of the Company and in accordance with the aims and objectives of the Company. The following is the formula for calculating the proportion of the Board of Directors as measured by the following ratio

- Variable Number of Audit Committee

The Audit Committee is a group of people who are selected by a larger group to do certain work or to perform special tasks or a number of members of the Board of Commissioners of the client company who are responsible for assisting the auditor in maintaining his independence from management (Firmsstat, 2009). The following is the formula for calculating the proportion of the Audit Committee as

$KA = \frac{\sum \text{Jum Komite Audit}}{\text{Jum Anggota Direksi}}$ measured by the following ratio:

- Variable Number of Sharia Supervisory Boards

According to Charles and Chariri (2012) Sharia Supervisory Board (DPS) is a general term used in Indonesia to refer to sharia internal supervision institutions in Islamic banks. The following is the formula for calculating the proportion of the Sharia Supervisory Board as measured by the following ratio

$DPS = \frac{\sum \text{Jum Dewan Pengawas Syariah}}{\text{Jum Anggota Direksi}}$

IV. Result and Discussion

4.1 Description of Research Object

This study uses quantitative methods as an approach to analyzing research problems. This research was conducted at Islamic Commercial Banks in Indonesia registered with the OJK. The time of this research was carried out from June to August 2021 by examining the financial statements of Islamic Commercial Banks in Indonesia in the period 2018-2020. The sample in this research is as follows:

Table 1. List of Sample

No	Kode	Bank
1	BRIS	PT. Bank Rakyat Indonesia Syariah
2	BSB	PT. Bank Syariah Bukopin
3	BCAS	PT. Bank Central Asia Syariah
4	BPS	PT. Bank Panin Syariah
5	BSMI	PT. Bank Syariah Mega Indonesia
6	BMSI	PT. Maybank Syariah Indonesia
7	BTPNS	PT. Bank Tabungan Pensiunan Nasional Syariah
8	BVS	PT. Bank Victoria Syariah
9	BJBBS	PT. Bank Jawa Barat Banten Syariah
10	BSM	PT. Bank Syariah Mandiri
11	BNIS	PT. Bank Nasional Indonesia Syariah
12	BMI	PT. Bank Muallamat Indonesia

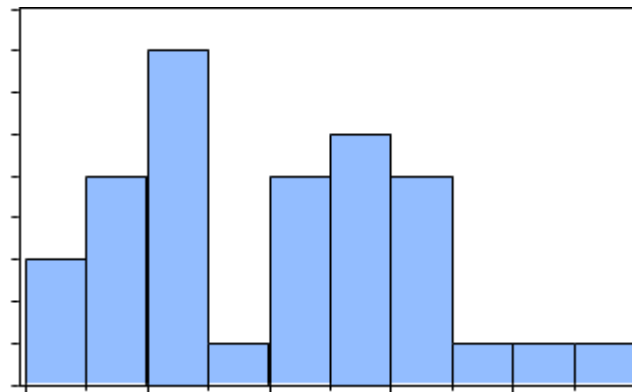
4.2 Classic assumption test

Classical assumption test is an important step in the regression analysis process. If there are no symptoms of classical assumptions, it is hoped that a reliable regression model can be produced in accordance with the BLUE (Best Linear Unbiased Estimator) rule, resulting in a regression model that cannot and is reliable as an estimator (Bawono, 2006). The classic assumption test of this study includes:

4.3 Normality test

The normality test aims to test whether in the regression model, the confounding or residual variables have a normal distribution (Ghozali, 2006). One way that can be done to

test the normality of the data is the histogram method > 0.05 . Based on the histogram method, Figure 1 shows that:



Source: data diolah, 2021

Then get the Jarque-Bera value of 1.890187 and the probability of $0.38828 > 0.05$, then the data is normal.

4.4 Multicollinearity Test

The multicollinearity test has the aim of testing whether the regression model found a correlation between the independent variables (Ghozali, 2006). To detect the correlation between the independent variables in this study by looking at the coefficients between each variable, the results of the multicollinearity test with evIEWS 10 are as follows:

Table 3. Multicollinearity Test

	DD	DK	DPS	KA	DD IS	DK	DPS IS	KA
DK	0.49863	1.00000	0.44694	0.51152	0.08235	-	-	-
DPS	0.42950	0.44694	1.00000	0.35414	0.12177	0.09511	-	0.06652
KA	0.44596	0.51152	0.35414	1.00000	-	-	-	-
DD CSR	-	0.08235	0.12177	-	1.00000	0.76599	0.60141	0.71872
DK CSR	-	-	0.09511	-	0.76599	1.00000	0.57947	0.78936
KA CSR	-	-	0.06652	-	0.71872	0.78936	0.53077	1.00000

Sumber: data diolah, 2021

The table above shows that the results of the multicollinearity test of the correlation value between variables < 0.90 , then there are no symptoms of multicollinearity.

4.5 Heteroscedasticity Test

Heteroscedasticity test which aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another observation (Ghozali, 2006). The results of the heteroscedasticity test with evIEWS 10 are as follows:

Table 4. Heteroscedasticity Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.125035	6.233571	0.501323	0.6179
DD	-26.76600	18.22993	-1.468245	0.1472
DK	26.04525	25.48999	1.021783	0.3109
DPS	13.41940	32.22174	0.416470	0.6785
KA	-3.932642	13.38435	-0.293824	0.7699
DD_ISR	-53.79525	46.26375	-1.162795	0.2494
DK_ISR	47.52573	69.00393	0.688739	0.4936
DPS_ISR	34.83773	82.67279	0.421393	0.6749
KA_ISR	-8.964252	35.34127	-0.253648	0.8006

Sumber: data diolah, 2021

The table above shows that the results of the Heteroscedasticity test carried out with a probability value > 0.05 , then there is no heteroscedasticity problem.

4.6 Autocorrelation Test

The autocorrelation test aims to test whether the linear regression model has a correlation between the confounding error in period t and the confounding error in period $t-1$ (previous) (Ghozali, 2006). The results of the autocorrelation test with evIEWS 10 are as follows:

Table 5. Autocorrelation Test

R-squared	0.347334	Mean dependent var	26554.91
Adjusted R-squared	0.828557	S.D. dependent var	6482.729
S.E. of regression	5656.876	Sum squared resid	9.60E+08
F-statistic	3.193069	Durbin-Watson stat	2.311703
Prob(F-statistic)	0.119856		

Sumber: data diolah, 2021

2.1265 and 4-dL 2.6307, the value of dw is in the range $dU < dw < 4-dU$ so it can be stated that there is no autocorrelation problem

4.7 Coefficient of Determination Test

The coefficient of determination (R^2) is a measure of how far the model's ability to explain the variation of the dependent variable. The value of the coefficient of determination is between zero and one. A small value of determination means that the ability of the independent variables to explain the dependent variables is very limited. If the value of adjusted R^2 is getting closer to one, it means that the regression model used is more precise to predict the dependent variables (Ghozali, 2006). The results of the Coefficient of Determination Test with evIEWS 10 are as follows.

Table 6. Coefficient of Determination Test

R-squared	0.347334	Mean dependent var	26554.91
Adjusted R-squared	0.828557	S.D. dependent var	6482.729
S.E. of regression	5656.876	Sum squared resid	9.60E+08
F-statistic	3.193069	Durbin-Watson stat	2.311703
Prob(F-statistic)	0.119856		

Sumber: data diolah, 2021

From the results of the Coefficient of Determination test in Table 6, the Adjusted R-squared value of 0.828557 or 82.85% means that the independent variable used in this model has the ability to explain the dependent variable of 82.85% while the remaining 17.15% is explained by variables outside the model.

4.8 F Uji test

The F statistical test shows whether all independent or independent variables included in the model have a simultaneous effect on the dependent variable. This test aims to determine the significant effect of the independent variables together on the dependent variable. To calculate the F table value, the significance level used is 5% with degrees of freedom $df = (N-k)$ and $(k-1)$ where N is the number of observations, k is the number of variables including intercepts (Ghozali, 2006).

Table 7. F Uji test

R-squared	0.347334	Mean dependent var	26554.91
Adjusted R-squared	0.828557	S.D. dependent var	6482.729
S.E. of regression	5656.876	Sum squared resid	9.60E+08
F-statistic	3.193069	Durbin-Watson stat	2.311703
Prob(F-statistic)	0.119856		

Sumber: data diolah, 2021

Based on the test results indicate that the results of the F test in this study have a coefficient value of 3.193069 with prob (F-statistics) $0.119856 > 0.05$ which means that the independent variable (independent) simultaneously (simultaneously) has a negative and significant effect on Return On Assets.

4.9 t test

According to Ghozali (2006) Statistical t test is used to measure how far the influence between the independent variables individually in explaining the dependent variable. Based on multiple linear regression test are as follows:

Table 8. t test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.094159	1.136922	1.841955	0.0703
DK	11.44747	6.468850	2.135536	0.0432
DD	2.743209	4.051773	0.380339	0.4125
KA	7.000027	2.875034	3.314753	0.0000
DPS	0.612455	5.598009	0.156033	0.6135
DK_ISR	22.16566	20.94970	2.320933	0.0000
DD_ISR	-11.89557	12.40306	-0.959083	0.3413
KA_ISR	29.07788	7.988022	3.640186	0.0006
DPS_ISR	1.586685	17.36628	0.091366	0.9275

Source: processed data, 2021

Based on the table of t test results in this study, it shows that

- a. Variable Number of Board of Commissioners with Coefficient value (11,447) and prob value. 0.0432. So, it can be concluded that the variable Number of Board of Commissioners has a positive effect on ROA (ACCEPTABLE)
- b. Variable Number of Board of Directors with Coefficient value (2.743209) and prob value. 0.4125. So it can be concluded that the variable Number of the Board of Directors has a positive and significant effect on ROA (ACCEPTABLE)
- c. Variable Number of Audit Committee with Coefficient value (7.000027) and prob value. 0.0000. So it can be concluded that the variable Number of Audit Committees (X3) has a positive and significant effect on ROA (ACCEPTABLE)
- d. Variable Number of DPS with Coefficient value (0.612455) and prob value. 0.6135. So it can be concluded that the number of DPS has a positive and insignificant effect on ROA (ACCEPTABLE)
- e. The number of the Board of Commissioners on ROA with ISR as moderating variable Coefficient value (22.16566) and prob value. 0.0000. So it can be concluded that the number of the Board of Commissioners moderated by ISR has a positive and significant effect on ROA (ACCEPTABLE)
- f. The number of the Board of Directors on ROA with ISR as moderating variable Coefficient value (-11.89557) and prob value. 0.3413. So it can be concluded that the number of the Board of Directors moderated by ISR has a negative and insignificant effect on ROA (REJECTED)
- g. The effect of the number of audit committees on ROA with ISR as a moderating variable for the coefficient value (29,07788) and the prob value. 0.0006. So it can be concluded that the number of audit committees moderated by ISR has a positive and significant effect on ROA (ACCEPTABLE)
- h. The effect of the number of DPS on ROA with ISR as a moderating variable for the coefficient value (1.586685) and the prob value. 0.9275 It can be concluded that the number of SSBs moderated by ISR has a positive and insignificant effect on Islamic financial performance (REJECTED)

4.10 Discussion

a. The Influence of the Number of Board of Commissioners on Return On Assets (ROA)

Based on the results of the t-test variable Number of Board of Commissioners has a positive effect on ROA so that the first hypothesis is accepted. The existence of a board of commissioners will be beneficial for the company and can increase the value of the company. The supervisory function carried out by the board of commissioners minimizes

opportunistic actions that can be taken by the board of directors or managers so that the resulting performance is in accordance with the interests of shareholders. The composition of the board of commissioners reflects the effectiveness of the supervisory function. Good performance or value is not achieved if the implementation of ICG is not good, therefore the presence and proportion of commissioners in supervising the managers and directors related to the management of the company which has implications for the value of the company can be achieved properly. This supports the results of research conducted by Al-Amameh, (2014) which examines ICG, ownership structure and bank performance. , will improve the company's financial performance because of the resource dependency theory, that with a larger number of commissioners increasing access to various resources to the external environment and having a positive impact on company performance.

b. The Influence of the Number of Board of Directors on Return on Assets (ROA)

Based on the results of the t test, the variable number of the Board of Directors has a positive and significant effect on ROA so that the second hypothesis is accepted. The greater the number of the board of directors, the greater the possibility of the company achieving the strategy that will be used. The success of implementing a good strategy will affect the company's profit (Putra, 2016). According to Wardoyo and Veronica (2013) there are errors in the decision making of customers such as investors and creditors due to the low quality of earnings, so that the value of the company will decrease. The increase in corporate profits will affect the value of changes in the company's equity and increase the value of equity, so that the company is getting better at covering the financing risks experienced by Islamic banking. This is supported by the results of research conducted by Eksandy (2018) which proves that the board of directors has a positive effect on the financial performance of Islamic banking.

c. The Influence of the Number of Audit Committees on Return On Assets (ROA)

Based on the results of the t test, the variable number of audit committees has a positive and significant effect on ROA so that the third hypothesis is accepted. corporate finance (Anderson, 2004). This is in accordance with the results of research by Hapsoro (2008) and Gil and Obradovich (2012) which state that there is a positive relationship between the number of audit committees and financial performance.

d. The Influence of the Number of Sharia Supervisory Boards on Return On Assets (ROA)

Based on the results of the t-test, the variable number of the Sharia Supervisory Board has a positive effect on Return On Assets (ROA) so that the fourth hypothesis is accepted. According to Dewayanto (2010), the larger the number of sharia supervisory boards, the company's management monitoring mechanism will be better. Thus, the greater the number of members of the sharia supervisory board, the supervision of bank management in accordance with sharia principles will increase, so that there is no use of funds that are not sharia principles that can reduce financial performance. Thus the financial performance increases, with the conclusion that the sharia supervisory board shows a positive relationship to financial performance.

e. The Influence of the Number of Board of Commissioners on Islamic Social Reporting (ISR)

Based on the results of the t-test of the variable Number of Board of Commissioners moderated by ISR, it has a significant positive effect on ROA in Islamic commercial banks

so that the fifth hypothesis is accepted. This means that the size of the Commissioner partially affects the disclosure of ISR in Islamic banking in Indonesia. Because the board of commissioners has a very important role because it is always in charge of supervising the company and conveying all information to stakeholders, including information on social responsibility disclosures. Regarding the disclosure of information by the company, the greater the number of the Board of Commissioners, the better the supervision will be. With good supervision, it is hoped that the disclosure of ISR will be wider because it can minimize information that may be hidden by a management.

f. The Influence of the Number of Board of Directors on Islamic Social Reporting (ISR)

Based on the results of the t-test variable, the number of Board of Directors moderated by ISR has a significant positive effect on ROA in Islamic commercial banks. so the sixth hypothesis is rejected. Which means that the results of the statistical test show evidence that the moderating variable ISR in the relationship between the number of the Board of Directors and Islamic financial performance, the ISR variable cannot be said to be a moderating variable. This is very likely to happen because the proportion of ISR is not so large that it indicates that the ISR is not able to strengthen the influence of the number of the Board of Directors in improving Islamic financial performance in Islamic Commercial Banks in Indonesia. The results of this study are supported by Lestari's research (2018) which shows the results that the number of the board of directors has no significant effect on financial performance with ISR as moderating

g. The Influence of the Number of Audit Committees on Islamic Social Reporting (ISR)

Based on the results of the t-test variable, the number of audit committees moderated by ISR has a significant positive effect on ROA in Islamic commercial banks. so that the seventh hypothesis is accepted. The audit committee is a company tool that is responsible to the board of commissioners. The audit committee is tasked with ensuring that the company's internal control structure is carried out properly. Supervision carried out by the audit committee within the company is expected to improve the quality of internal control and the quality of disclosure of company information. According to research by Handajani et al. (2009) suggested that the results of the audit committee have a positive effect on the disclosure of social responsibility in companies in Indonesia. This means that the more the number of audit committees, the wider the level of corporate social responsibility disclosure is expected.

h. The Influence of the Number of Sharia Supervisory Boards on Islamic Social Reporting (ISR)

Based on the results of the t-test variable, the number of Islamic Supervisory Boards moderated by ISR has a significant positive effect on ROA in Islamic commercial banks so that the eighth hypothesis is rejected. This is very likely to occur because the proportion of ISR is not so large that it indicates that the ISR is not able to strengthen the influence of the number of DPS in improving Islamic financial performance in Islamic Commercial Banks in Indonesia. This is because DPS is still focused on its duties and responsibilities in sharia banking operations, for example regarding approval of new products, supervising whether the contract is in accordance with sharia principles and reviewing the financial statements of Islamic banks. The results of this study support the research of Khoiruddin (2013) which

shows the results that the number of sharia supervisory boards has no significant effect on financial performance with ISR as moderating.

V. Conclusion

Based on the discussion that has been carried out in the previous chapters, the research that aims to analyze the influence of Islamic Corporate Governance (ICG) on Islamic financial performance with Islamic Social Reporting (ISR) as a moderating variable result in the following conclusions:

1. The number of the Board of Commissioners has a positive effect on ROA so that the first hypothesis is accepted. The existence of a board of commissioners will be beneficial for the company and can increase the value of the company. The supervisory function carried out by the board of commissioners minimizes opportunistic actions that can be taken by the board of directors or managers so that the resulting performance is in accordance with the interests of shareholders.
2. The number of the Board of Directors has a positive and significant effect on ROA so that the second hypothesis is accepted. The greater the number of the board of directors, the greater the possibility of the company achieving the strategy that will be used. The success of implementing a good strategy will affect the company's profit
3. The number of audit committees has a positive and significant effect on ROA so that the third hypothesis is accepted. The more the number of audit committees owned by a company will provide better protection and control over the accounting and financial processes and will ultimately have a positive influence on the company's financial performance.
4. The number of Sharia Supervisory Board has a positive effect on Return on Assets (ROA) so that the fourth hypothesis is accepted. Thus, the greater the number of members of the sharia supervisory board, the supervision of bank management in accordance with sharia principles will increase, so that there is no use of funds that are not sharia principles that can reduce financial performance.
5. The number of Board of Commissioners moderated by ISR has a significant positive effect on ROA in Islamic commercial banks so that the fifth hypothesis is accepted. The board of commissioners has a very important role because it is always in charge of supervising the company and conveying all information to stakeholders, including information on social responsibility disclosures. With good supervision, it is hoped that the disclosure of ISR will be wider because it can minimize information that may be hidden by a management.
6. The number of Board of Directors moderated by ISR has a significant positive effect on ROA in Islamic commercial banks. so, the sixth hypothesis is rejected. The proportion of ISR is not so large that it indicates that ISR is not able to strengthen the influence of the number of the Board of Directors in improving Islamic financial performance in Islamic Commercial Banks in Indonesia.
7. The number of audit committees moderated by ISR has a significant positive effect on ROA in Islamic commercial banks. so that the seventh hypothesis is accepted. This means that the more the number of audit committees, the wider the level of corporate social responsibility disclosure is expected.
8. The number of Islamic Supervisory Boards moderated by ISR has a significant positive effect on ROA in Islamic commercial banks so that the eighth hypothesis is rejected. This is very likely to occur because the proportion of ISR is not so large that it indicates that the ISR is not able to strengthen the influence of the number of DPS in improving

Islamic financial performance in Islamic Commercial Banks in Indonesia. Because DPS is still focused on its duties and responsibilities in sharia banking operational activities

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