International Journal of Economics, Accounting, and Management
Vol. 2, No. 4, November 2025
Page 330-342
E-ISSN: 3047-6798
P-ISSN: 3047-678X
Site : https://jurnal.intekom.id/index.php/ijeam

The Influence of Sharia Corporate Governance on Financial Performance of Islamic Commercial Banks in Indonesia

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Article Info

Article history:

Received Oktober 30, 2025
Revised November 7, 2025
Accepted November 9, 2025

Keywords:

Sharia Corporate Governance, Transparency, Accountability, Responsibility, Independence

ABSTRACT

This study aims to analyze and test the influence of Sharia Corporate Governance (SCG) on the financial performance of Islamic commercial banks in Indonesia during the 2020-2024 period. The SCG principles in this study consist of transparency, accountability, responsibility, independence, fairness, and the role of the Sharia Supervisory Board (SSB). This study uses a quantitative method with a content analysis approach to the annual reports of Islamic commercial banks registered with the Financial Services Authority (OJK). The study population includes all Islamic commercial banks in Indonesia, with a purposive sampling technique, resulting in 13 Islamic banks as observation samples. Data were analyzed using multiple linear regression to test the influence of each SCG variable on financial performance, proxied by Return on Assets (ROA). The results showed that the SCG variables simultaneously had a significant effect on the financial performance of Islamic commercial banks. Partially, the SCG variables proxied by transparency, accountability, independence, and fairness had a significant effect on financial performance, while the SCG variables proxied by responsibility and SSB did not have a significant effect on financial performance. These results indicate that the effective implementation of SCG principles is able to increase legitimacy and public trust, which ultimately has an impact on improving the financial performance of Islamic commercial banks in Indonesia.

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1. INTRODUCTION

The banking sector in Indonesia plays a strategic role as an intermediary institution crucial for national economic growth. In carrying out this function, public trust is a fundamental aspect, making the implementation of Sharia Corporate Governance (SCG) a necessity. The emergence of the SCG issue is driven by two main factors: the rapid dynamics of the business environment and the complexity of stakeholders [1]. SCG is an adaptation of *Good Corporate Governance* (GCG), whose basic principles include transparency, accountability, responsibility, independence, and fairness. Optimal implementation of SCG is expected to strengthen operational efficiency and the stability of the banking system as a whole, which ultimately contributes positively to economic growth [2].

Although *Good Corporate Governance* (GCG) has been recognized as important, the Indonesian banking sector has recently faced significant challenges due to the revelation of a number of governance violations. Emerging problems such as funding shortages, weak internal oversight systems, and a lack of transparency in decision-making have caused significant losses to consumers, shareholders, and the national economy. For example, several large banks have struggled to maintain public trust due to weak risk management failures [3]. These events demonstrate that the failure to implement GCG can have a broad negative impact on the stability of the financial system and public trust. Therefore, a comprehensive evaluation and effective governance reform in the banking sector are urgently needed to prevent a recurrence of similar cases, restore public trust, and maintain the continuity and stability of the banking industry in Indonesia [4].

The development of the Islamic banking industry in Indonesia shows a positive growth trend in terms of assets, financing, and number of customers. However, this quantitative increase has not been fully followed by an increase in the quality of financial performance, particularly in terms of asset utilization efficiency as reflected in Return on Assets (ROA) [5] . ROA is the main indicator for assessing the ability of Islamic banks to generate profits from their total assets. Based on SE BI No. 13/24/DPNP of 2011, ROA is one of the components in assessing the level of bank health. A high ROA value indicates that the bank is able to manage its assets effectively and generate optimal profits [6].

PT Bank Syariah Indonesia Tbk (BSI), the largest Islamic bank after the 2021 merger, recorded a decline in ROA (Return on Assets) from 1.74% in 2021 to 1.45% in 2022 [7]. This decline in efficiency was caused by several factors, including: increased operational expenses due to post-merger expansion, high system and HR integration costs, and disruptions to digital *banking services* in mid-2022 that disrupted operations and caused public unrest [8]. In contrast to BSI, other Islamic banks such as BCA Syariah managed to maintain ROA consistently above 2%, while Bank Muamalat showed significant ROA improvements post-restructuring [9]. This difference emphasizes the importance of effective asset management and cost control. In this context, the implementation of Sharia Corporate Governance (SCG) principles, including the active role of the Sharia Supervisory Board (DPS), management transparency, and accountability, is crucial in maintaining financial performance. Therefore, it is important to examine the effect of SCG on the ROA of Islamic banks. Permatasari et al's research supports this, stating that *Islamic Corporate Governance* (ICG) has a positive and significant influence on the financial performance of Islamic Banks, with the principles of transparency and openness being key factors [10].

The results of the study indicate that Sharia Compliance and ICG have a significant and positive effect on financial performance. Furthermore, research conducted by Fatmawati et al. shows that certain characteristics of the Sharia Supervisory Board are positively correlated with performance, indicating that an effective Sharia Supervisory Board is key to improving the financial performance of Islamic banks [11]. The implementation of good Sharia Compliance, especially in terms of the effectiveness of the Sharia Supervisory Board and the transparency of financial reports, has a positive impact on increasing return on assets (ROA) in Islamic Commercial Banks in Indonesia. This study shows that the stronger the Sharia-based supervision, the more efficient the use of assets by Islamic banks.

A literature review reveals a clear research gap regarding the influence of *Sharia Corporate Governance* (SCG) or *Good Corporate Governance* (GCG) on the financial performance of Islamic Commercial Banks. Several studies have found a positive and significant influence, such as that of Krisyadi & Anita, who linked compliance with the OJK SCG index with increased efficiency (*BOPO*) and profitability (*ROA*) [12]. Similar results are supported by Sulistiyo et al., who highlighted the importance of transparency for customer trust [13].

On the other hand, there are a number of studies that found insignificant or even negative results. Musah & Adutwumwaa concluded that SCG aspects are often only formalities and have not significantly contributed to performance, highlighting the problem of implementation quality [14]. Furthermore, Mukhibad et al. found that the independence and accountability dimensions have a negative influence on *the Maqasid Sharia Index* , indicating that the GCG structure alone is not sufficient [15] . In addition, Sembiring et al. strengthens this by stating that although an independent Sharia Supervisory Board may be influential, not all SCG components have a direct impact on profitability. This gap confirms that the effectiveness of GCG highly dependent on the specific components measured, the financial performance proxies used, and the quality and culture of governance implementation in each bank [16] .

2. METHOD

This study uses a quantitative design to test the hypothesis regarding the influence of Sharia Corporate Governance (SCG) on Financial Performance (Return on Assets - ROA) in Islamic Commercial Banks (BUS) in Indonesia during the period 2020 to 2024. The SCG variable is measured through six indicators: Transparency (X1), Accountability (X2), Responsibility (X3), Independence (X4), Fairness (X5), and the Sharia Supervisory Board (DPS) (X6). The study population includes all 13 operating Islamic Commercial Banks (BUS), and through Purposive Sampling techniques, all 13 Islamic Commercial Banks were sampled because they consistently published Annual Reports and GCG Reports during the observation period. Secondary data were obtained through documentation and content analysis methods on reports sourced from the OJK and the bank's official website. The SCG variable (X1-X5) was measured using a binary scale (dummy) through scoring content analysis. The data analysis procedure begins with Descriptive Statistics, followed by Classical Assumption Tests (Normality, Multicollinearity (VIF < 10 and Tolerance > 0.1), Heteroscedasticity (Glejser Test sig > 0.05), and Autocorrelation (Durbin-Watson test)) to ensure the regression model is accurate. The main testing method is Multiple Linear Regression Analysis, followed by the F Statistical Test (simultaneous effect), t Statistical Test (partial effect), and calculation of the Coefficient of Determination (R^2) to test the hypothesis [19].

3. RESULTS AND DISCUSSION

3.1 Descriptive Statistical Analysis

Descriptive statistics are useful for determining the characteristics of data based on the average value (*mean*), maximum value, and minimum value of research variables:

Table 1. Descriptive Statistics

Descriptive Statistics					
	N	**Minimum**	**Maximum**	**Mean**	**Standard Deviation**
X1	65	0.00	2.00	1,8000	0.591608
X2	65	0.00	2.00	1.4462	0.848358
X3	65	1.00	2.00	1.9692	0.174036
X4	65	1.00	2.00	1.9538	0.211451
X5	65	1.00	2.00	1.9846	0.124035
X6	65	1.00	5.00	2,3077	0.705405
Y	65	0.003000	8.41	1.7432	1.99236
Valid N (listwise)	65				

Source: SPSS data processing, 2025

The descriptive statistics results show that the implementation of governance principles (*Sharia Corporate Governance*) is generally high and uniform, except for Accountability and DPS (*Sharia Supervisory Board*). The aspects of Fairness (1.9846), Responsibility (1.9692), and Independence

(1.9538) show average values that are very close to the maximum (2.00) with a very low standard deviation (Fairness Std. Dev} 0.12403), indicating consistent and uniform efforts by most companies to gain legitimacy through social and regulatory compliance. Although the average Transparency (1.8000) is also good, Accountability (1.4462) and Sharia Supervisory Board (SSB) (2.3077, with extreme ranges of 1.00–5.00) show moderate to high variations (Std. Dev} 0.84836 and 0.70540), indicating a level of commitment that is not yet uniform in gaining legitimacy from the public, especially in the aspect of sharia supervision. Meanwhile, Financial Performance shows a relatively low average (1.7432) with a high standard deviation (1.99236), reflecting significant differences in performance between companies.

3.2 Classical Assumption Test

3.2.1 Normality Test

This normality test aims to determine whether the independent and dependent variables in the regression model are normally distributed. In this study, the Kolmogorov-Smirnov (KS) statistical test was used to determine whether the residual data from the research sample is normally distributed.

Table 2. Kolmogorov-Smirnov (KS) Test

		Unstandardized Residual
N		41
Normal Parameters [a,b]	Mean	0.0000000
	Standard Deviation	0.51996588
Most Extreme Differences	Absolute	0.105
	Positive	0.077
	Negative	-0.105
Test Statistics		0.105
Asymp. Sig. (2-tailed) [c]		0.200 [d]

Source: SPSS data processing, 2025

Based on the results of the normality test in the table above using the One-Sample Kolmogorov-Smirnov Test, the Asymp. Sig. (2-tailed) value was obtained at 0.200. Since the significance value of 0.200 > 0.05, it can be concluded that the data is normally distributed.

3.2.2 Multicollinearity Test

This multicollinearity test aims to determine whether there is a correlation between the independent variables in the regression model. Multicollinearity can be seen from the *tolerance* and *variance inflation* factor (VIF) values. If the *tolerance value* is ≥ 0.10 and the VIF value is ≤ 10, the regression model is free from multicollinearity. The results of the multicollinearity test can be seen in the following table:

Table 3. Multicollinearity Test

Model		**Collinearity Statistics**	
		Tolerance	**VIF**
1	X1	0.897	1,115
	X2	0.919	1,088
	X3	0.496	2,017
	X4	0.656	1,524
	X5	0.378	2,645
	X6	0.937	1,068

Source: SPSS data processing, 2025

Based on the table above, it can be seen that the *tolerance* and VIF values for each research variable are as follows:

a. Transparency has a tolerance value of 0.897 ≥ 0.10 and a VIF value of 1.115 ≤ 10. This shows that transparency does not experience multicollinearity problems.

b. Accountability obtained a tolerance value of 0.919 ≥ 0.10 and a VIF value of 1.088 ≤ 10. Thus, it can be concluded that accountability does not exhibit symptoms of multicollinearity.
c. Responsibility has a tolerance value of 0.496 ≥ 0.10 and a VIF value of 2.017 ≤ 10. These results indicate that responsibility does not experience multicollinearity problems.
d. Independence shows a tolerance value of 0.656 ≥ 0.10 and a VIF value of 1.524 ≤ 10. Therefore, it can be concluded that there are no symptoms of multicollinearity in independence.
e. Fairness obtained a tolerance value of 0.378 ≥ 0.10 with a VIF value of 2.645 ≤ 10. This indicates that fairness also does not experience multicollinearity problems.
f. DPS has a tolerance value of 0.937 ≥ 0.10 and a VIF value of 1.068 ≤ 10. Thus, DPS can be stated as not having symptoms of multicollinearity.

3.2.3 Autocorrelation Test

The autocorrelation test aims to determine whether there is a correlation between the nuisance error in period t and the nuisance error in period t-1 (previously) in a linear regression model. This study uses the *Durbin-Watson* (DW) test approach.

Table 4. Autocorrelation Test

Model Summary [b]					
Model	**R**	**R Square**	**Adjusted R Square**	**Standard Error of the Estimate**	**Durbin-Watson**
1	0.486 [a]	0.236	0.109	1.11033	1,824

Source: SPSS data processing, 2025

Based on table 4.5. above, the Durbin-Watson (dw) value is 1.824. This value will then be compared with the Durbin-Watson table value where the number n = 65 and the number of independent variables k = 6 with a significance level of 0.05, the dl value = 1.4043 and the du value = 1.8046 are obtained, so it is concluded that dl < dw < du or 1.4043 < 1.824 < 1.8046, meaning there is no conclusion. Therefore, to prove that this study does not have autocorrelation, further analysis is needed using *Durbin's Two-Step Method. Durbin's Two-Step Method* is a method used for improvement when a regression model is found to have autocorrelation. The results of the autocorrelation test using *Durbin's Two-Step Method* are as follows:

Table 5. Durbin's Two-Step Method Autocorrelation Test

Model Summary [b]					
Model	**R**	**R Square**	**Adjusted R Square**	**Standard Error of the Estimate**	**Durbin-Watson**
1	0.552 [a]	0.305	0.232	1.55071	1,959

Source: SPSS data processing, 2025

Based on the results of the table above, the new DW figure is 1.959. This value will be compared with the Durbin-Watson table value where the number of n = 64 and the number of independent variables k = 6 with a significance level of 0.05, the dl value = 1.3981 and the du value = 1.8052 are obtained, while the value (4-dl) 4-1.3981 = 2.6019 and the value (4-du) 4-1.8052 = 2.1948. So the du value (1.8052) is smaller than the Durbin-Watson value (1.959), and the Durbin-Watson value is smaller than the 4-DU value (2.1948). The conclusion is 1.8052 < 1.959 < 2.1948, so there is no autocorrelation in transparency, accountability, responsibility, independence, fairness and DPS on financial performance.

3.2.4 Heteroscedasticity Test

The heteroscedasticity test aims to examine the regression model for differences *in variance* between residuals from one observation to another. The results of the heteroscedasticity test are presented in the following table:

Table 6. Glejser Test

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	0.328	2,288		0.143	0.887
	X1	-0.380	0.241	-0.200	-1,575	0.121
	X2	-0.261	0.166	-0.198	-1,571	0.122
	X3	0.630	1.104	0.098	0.571	0.570
	X4	0.695	0.790	0.131	0.880	0.382
	X5	-0.054	1,774	-0.006	-0.030	0.976
	X6	-0.319	0.198	-0.201	-1.612	0.112

Source: SPSS data processing, 2025

Based on the table above, the heteroscedasticity test carried out using the Glejser test shows the following results:

a. Transparency has a significance value of 0.121 > 0.05. This indicates that changes in transparency do not result in inequality in residual variance. Therefore, it can be concluded that the transparency variable does not experience heteroscedasticity.
b. Accountability obtained a significance value of 0.122 > 0.05. This result indicates that accountability does not affect the difference in residual variance, thus it can be concluded that the accountability variable does not experience symptoms of heteroscedasticity.
c. Responsibility shows a significance value of 0.570 > 0.05. This means that responsibility does not cause inequality in residual variance. Therefore, it can be stated that the responsibility variable is free from heteroscedasticity.
d. Independence has a significance value of 0.382 > 0.05. This indicates that independence does not cause inequality in residual variances. Therefore, the independence variable does not experience heteroscedasticity.
e. Fairness obtained a significance value of 0.976 > 0.05. This value indicates that changes in fairness do not result in differences in residual variance, thus concluding that the fairness variable does not experience heteroscedasticity.
f. The DPS has a significance value of 0.112 > 0.05. This result indicates that the DPS does not cause inequality in residual variance. Therefore, the DPS variable can be said to be free from heteroscedasticity.

3.3 Multiple Linear Regression Analysis

Multiple linear regression analysis is conducted to predict the strength of the influence of two or more independent variables (X) on one dependent variable (Y). The regression equation used is:

$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3\ X3 + \beta 4\ X4 + \beta 5\ X5 + \beta 6\ X6 + e$

Table 7. Multiple Linear Regression Analysis

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1,026	1,386		0.740	0.462
	X1	-0.738	0.146	-0.306	-5,039	0.000
	X2	-0.473	0.101	-0.281	-4,688	0.000
	X3	1,059	0.669	0.129	1,583	0.119
	X4	-6,968	0.479	-1.032	-14,556	0.000
	X5	7,296	1,075	0.634	6,786	0.000
	X6	-0.097	0.120	-0.048	-0.806	0.424

$Y = 1.026 – 0.738\ (X1) – 0.473\ (X2) + 1.059\ (X3) – 6.968\ (X4) + 7.296\ (X5) –0.097\ (X6) + e$

From the equation above, it can be interpreted as follows:

a. The constant value obtained is 1.026. This indicates that if the independent variables consisting of transparency, accountability, responsibility, independence, assertiveness, and DPS have no effect (value zero), then the magnitude of financial performance is 1.026. In other words, this constant describes the baseline condition of financial performance before being influenced by the independent variables in the study.
b. The regression coefficient for the transparency variable was –0.738, with a significance level of <0.001. This indicates that transparency has a negative and significant effect on financial performance. Each unit increase in transparency decreases financial performance by 0.738. Therefore, higher transparency tends to decrease financial performance in this study.
c. The regression coefficient for the accountability variable is –0.473 with a significance level of <0.001. This means that accountability has a significant negative effect on financial performance. Each increase in unit accountability decreases financial performance by 0.473. This indicates that increased accountability, in the context of this study, is associated with decreased financial performance.
d. The regression coefficient for the responsibility variable is 1.059 with a significance value of 0.119 (>0.05). This means that responsibility has a positive but insignificant effect on financial performance. Therefore, each one-unit increase in responsibility will increase financial performance by 1.059, but this effect is not statistically significant.
e. The regression coefficient for the independence variable is –6.968 with a significance level of <0.001. This indicates that independence has a significant negative effect on financial performance. Each unit increase in independence decreases financial performance by 6.968. In other words, higher independence actually leads to lower financial performance for the research object.
f. The regression coefficient for the firmness variable is 7.296 with a significance level of <0.001. This indicates that firmness has a positive and significant effect on financial performance. Therefore, each one-unit increase in firmness will increase financial performance by 7.296. Therefore, the better the firmness, the higher the financial performance achieved.
g. The regression coefficient for the Sharia Supervisory Board (SSB) variable is –0.097, with a significance value of 0.424 (>0.05). This indicates that the SSB has a negative but insignificant effect on financial performance. In other words, each one-unit increase in the SSB decreases financial performance by 0.097, but this effect is not statistically proven.

3.4 Hypothesis Testing

3.4.1 Model Feasibility Test (F Test) Regression

In this study, the F-test was used to ensure that transparency, accountability, responsibility, independence, fairness, and the DPS simultaneously influence financial performance, in accordance with the legitimacy theory perspective. The results of the statistical F-test are presented in the following table:

Table 8. Model Feasibility Test (F Test)

ANOVA [a]						
Model		*Sum of Squares*	df	*Mean Square*	F	Sig.
1	Regression	105,575	6	17,596	40,890	0.000 [b]
	Residual	24,958	58	0.430		
	Total	130,533	64			

Source: Data processing, SPSS 2025

Based on the results of the F-statistic test presented in Table 4.7 above, it can be seen that the significance value of 0.000 is smaller than the significance limit of 0.05. This means that transparency, accountability, responsibility, independence, fairness, and DPS simultaneously influence financial performance.

3.4.2 Statistical t-test (Partial significance test)

The t-statistic test is used to determine the extent of the individual (partial) influence of each independent variable on the dependent variable. The test criteria are: If the probability value (sig.) < 0.05 or tcount > ttable, then the independent variable has a partial significant influence on the company's value; conversely, if the probability value > 0.05 or tcount < ttable, then the influence is considered insignificant:

Table 9. Statistical t test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,026	1,386		0.740	0.462
	X1	-0.738	0.146	-0.306	-5,039	0.000
	X2	-0.473	0.101	-0.281	-4,688	0.000
	X3	1,059	0.669	0.129	1,583	0.119
	X4	-6,968	0.479	-1.032	-14,556	0.000
	X5	7,296	1,075	0.634	6,786	0.000
	X6	-0.097	0.120	-0.048	-0.806	0.424

Source: Data processing, SPSS 2025

Based on the results of the t-statistic test presented in the table above, it can be seen that:

a. The transparency variable has a significance value of 0.000, which is less than 0.05, thus concluding that transparency has a significant effect on financial performance. The regression coefficient value of -0.738 with a negative direction, indicates that increasing transparency actually decreases financial performance by 0.738 units, assuming other variables remain constant. This can be explained through legitimacy theory, where companies that are too transparent may require high maintenance and reporting costs, thereby reducing operational efficiency, and ultimately impacting financial performance.
b. The Accountability variable has a significance value of 0.000 (<0.05), indicating that accountability significantly influences financial performance. The regression coefficient of -0.473 indicates a negative effect. This means that a 1-unit increase in accountability decreases financial performance by 0.473, assuming other variables remain constant. From a legitimacy theory perspective, excessive implementation of accountability can lead to rigidity in management decision-making, thereby reducing commonality and negatively impacting financial performance.
c. The Responsibility variable has a significance value of 0.119, which is greater than 0.05, indicating that responsibility does not significantly impact financial performance. A positive regression coefficient of 1.059 indicates a positive, though insignificant, relationship. This suggests that increased management responsibility tends to improve financial performance. However, the empirical evidence in this study is not strong enough to support this conclusion.
d. The Independence variable has a significance value of 0.000, which is less than 0.05, indicating that independence significantly influences financial performance. The regression coefficient value of -6.968 with a negative direction indicates that every 1 unit increase in independence decreases financial performance by 6.968. From a legitimacy theory perspective, excessive independence can trigger an imbalance between the board and management, thus hampering the effectiveness of strategic decision-making and actually reducing the company's financial performance.
e. The Fairness variable has a significance value of 0.000 (<0.05), thus it can be concluded that fairness has a significant effect on financial performance. The regression coefficient of 7.296 indicates a positive effect, meaning that a 1-unit increase in fairness will increase financial performance by 7.296. This is in line with legitimacy theory, where fairness in governance practices strengthens stakeholder trust, maintains the company's legitimacy in the public eye, and impacts financial performance improvement.

f. The DPS variable has a significance value of 0.424 (>0.05), indicating that DPS does not significantly influence financial performance. The regression coefficient value of -0.097 indicates a negative trend, meaning that an increase in DPS tends to decrease financial performance, although this is not statistically significant. From a legitimacy perspective, inconsistent DPS distribution can reduce investor confidence, but the results of this study are not strong enough to prove a real impact on financial performance.

3.4.3 Coefficient of Determination (R^2)

The coefficient of determination (R2) essentially measures the model's ability to explain the variation in the dependent variable. The determination value is between zero and one. A small R2 value means the independent variables' ability to explain the variation in the dependent variable is very limited.

Table 10. Determination Coefficient Test

Independent Variable (SCG)	R Square (R2)	Apparent Power Percentage	Adjusted R Square
Transparency (LAG_X1)	0.110 [a]	0.012	-0.004
Accountability (LAG_X2)	0.091 [a]	0.008	-0.008
Responsibility (LAG_X3)	0.091 [a]	0.008	-0.008
Independence (LAG_X4)	0.488 [a]	0.238	0.225
Fairness (LAG_X5)	0.488 [a]	0.238	0.225
DPS (LAG_X6)	0.084 [a]	0.007	-0.009

Source: SPSS data processing, 2025

Based on the results of the Determination Coefficient Test (R^2), the ability of each *Sharia Corporate Governance* (SCG) variable to explain variations in financial performance (dependent variable) individually is still very limited, except for the Independence and Fairness variables. The Independence and Fairness variables show the highest explanatory ability, which is 0.238 (or 23.8%), although this indicates that more than 76% of the performance variation is still explained by other factors outside the model. Meanwhile, the Transparency, Accountability, Responsibility, and DPS variables have very small R^2 values, each only able to explain variations in the dependent variable by 0.012 (1.2%), 0.008 (0.8%), 0.008 (0.8%), and 0.007 (0.7%). The low R^2 values for the majority of SCG variables indicate that although some variables may have a statistically significant effect (as discussed in the previous t-test), their direct contribution to the variation in the financial performance of Islamic Commercial Banks in Indonesia is very limited and other factors outside the SCG principles have a much more dominant role.

3.5 Discussion of Research Results

3.5.1 The Influence of Transparency on Financial Performance of Islamic Commercial Banks in Indonesia

Based on the results of the t-test, the transparency variable is proven to have a significant effect on the financial performance of Islamic Commercial Banks in Indonesia (significance value 0.000 < 0.05). This indicates that information disclosure can increase stakeholder trust and strengthen the institution's legitimacy in the eyes of the public. Although statistically significant, the R^2 value of only 0.012 (1.2%) indicates that the contribution of transparency to variations in financial performance is still relatively small; 98.8% is explained by other factors such as managerial leadership, institutional leadership, and audit committees [20]. This finding supports the Legitimacy Theory and is in line with the results of research [21].

3.5.2 The Influence of Accountability on Financial Performance of Islamic Commercial Banks in Indonesia

The accountability variable also shows a significant influence on financial performance (significance value $0.000 < 0.05$). The higher the level of management accountability, the greater the legitimacy obtained by the bank, which ultimately has a positive impact on financial performance. However, similar to transparency, the contribution of accountability is very small, where the R^2 value is only 0.008 (0.8%). The remaining 99.2% of the performance variation is explained by factors outside the model, including managerial leadership, institutional leadership, independent commissioners, directors, and audit committees. These results are in line with Legitimacy Theory which emphasizes that strong accountability is important for the institutional legitimacy of Islamic banking [22].

3.5.3 The Influence of Responsibility on Financial Performance in Islamic Commercial Banks in Indonesia

The t-test results show that the responsibility variable does not significantly influence the financial performance of Islamic Commercial Banks (significance value $0.119 > 0.05$). This variable is only able to explain 0.5% of the performance variation (R^2 = 0.005), with 99.5% influenced by other factors such as managerial and institutional leadership [23]. This finding indicates that the implementation of social responsibility plays a greater role in maintaining normative and moral legitimacy in accordance with the maqashid sharia, rather than as a direct driver of profitability. This result is consistent with the research of Romadhonia & Kurniawati who also found that responsibility does not significantly influence the financial performance of Islamic banks [24].

3.5.4 The Influence of Independence on Financial Performance of Islamic Commercial Banks in Indonesia

The independence variable shows a significant and strong influence on financial performance (significance value $0.000 < 0.05$). The Model Summary results show an R^2 value of 0.238 (23.8%), making it the variable with the largest contribution compared to other governance variables, while 76.2% is explained by factors outside the model such as the board of directors, independent commissioners, and audit committee [25]. The independence of company organs is very important in building and maintaining public trust, ensuring objectivity, and minimizing conflicts of interest [26].

3.5.5 The Influence of Fairness on Financial Performance in Islamic Commercial Banks in Indonesia

The Fairness variable was found to have a significant effect on financial performance (significance value $0.000 < 0.05$). The application of the principle of fairness strengthens the organization's legitimacy in the eyes of the public. However, the contribution of this variable is very small, where R^2 is only 0.001 (0.1%), while the remaining 99.9% is influenced by other factors outside the model. Although its quantitative influence is small, the principle of fairness ('adl) is conceptually important in the context of Sharia Corporate Governance and maintaining social legitimacy [17]

3.5.6 The Influence of the Sharia Supervisory Board (SSB) on Financial Performance in Sharia Commercial Banks in Indonesia

The t-test results show that the Sharia Supervisory Board (SSB) variable has no significant effect on financial performance (significance value $0.424 > 0.05$). The contribution of the SSB is very small, only explaining 0.7% of the performance variation (R^2 = 0.007), with the remaining 99.3% influenced by other factors such as managerial leadership and the board of directors. The existence of the SSB, according to Armayanti, functions more to strengthen normative legitimacy (sharia compliance) than to increase pragmatic legitimacy (financial gain). This finding is in line with

Armayanti's research (which shows that the effectiveness of the SSB is not only determined by the number of its members [18].

4. CONCLUSION

This study aims to examine and analyze the influence of transparency, accountability, responsibility, independence, fairness, and the Sharia Supervisory Board (SSB) on the financial performance of Islamic commercial banks in Indonesia from 2020 to 2024 using a multiple linear regression model. Based on the research results, the following conclusions can be drawn:

a. Transparency has a negative and significant impact on financial performance in Islamic commercial banks in Indonesia.
b. Accountability has a negative and significant effect on financial performance in Islamic commercial banks in Indonesia.
c. Responsibility has no influence and is not significant on financial performance in Islamic commercial banks in Indonesia.
d. Independence has a negative and significant effect on financial performance in Islamic commercial banks in Indonesia.
e. Fairness has a positive and significant effect on financial performance in Islamic commercial banks in Indonesia.
f. DPS has no influence and is not significant on financial performance in Islamic commercial banks in Indonesia.

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