THE INFLUENCE OF INTELLECTUAL CAPITAL AND ISLAMIC SOCIAL REPORTING ON THE FINANCIAL PERFORMANCE OF ISLAMIC COMMERCIAL BANKS IN INDONESIA

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ABSTRAK

Penelitian ini bertujuan untuk menguji secara empiris pengaruh variabel *Intellectual Capital* dan *Islamic Social Reporting* (ISR) terhadap Kinerja Keuangan Bank Umum Syariah di Indonesia. Dalam penelitian ini, penulis menggunakan jenis penelitian yang bersifat kuantitatif. Data yang digunakan berupa laporan tahunan (*annual report*) 2018-2021 yang juga memuat pengungkapan pertanggung jawaban sosialnya. Populasi dalam penelitian ini adalah perusahaan perbankan syariah Bank Umum Syariah yang terdaftar di Otoritas Jasa Keuangan (OJK) pada tahun 2018-2021. Pemilihan sampel dari penelitian ini dilakukan dengan menggunakan teknik *purposive sampling*, maka sampel dalam penelitian ini 9 Bank Umum Syariah dengan periode 4 tahun dengan total sampel sebesar 36. Adapun bank yang menjadi objek penelitian ini adalah bank BCA Syariah, bank BJB Syariah, bank BSI Syariah, bank BTPN Syariah, bank BUKOPIN Syariah, bank MAYBANK Syariah, bank MEGA Syariah, bank MUAMALAT Indonesia dan bank PANIN Syariah. *Intellectual Capital* dan Ukuran Perusahaan berpengaruh terhadap Kinerja Keuangan (*Return on Assets*) Perbankan Syariah di Indonesia 2018-2021. Dan *Islamic Social Reporting* (ISR) tidak berpengaruh terhadap Kinerja Keuangan (*Return on Assets*) Perbankan Syariah.

Kata Kunci : *Intellectual Capital*, *Islamic Social Reporting* (ISR), Kinerja Keuangan (*Return on Assets*)

ABSTRACT

This study aims to empirically examine the influence of Intellectual Capital and Islamic Social Reporting (ISR) variables on the Financial Performance of Islamic Commercial Banks in Indonesia. In this study, the authors use a type of research that is quantitative. The data used is in the form of an annual report for 2018-2021which also contains disclosures of social responsibility. The population in this study are Islamic banking companies, Islamic commercial banks registered with the Financial Services Authority (OJK) in 2018-2021. The selection of the sample from this study was carried out using a purposive sampling technique, the sample in this study were 9 Islamic Commercial Banks with a period of 4 years with a total sample of 36. The banks that were the object of this research were BCA Syariah banks, BJB Syariah banks, BSI banks Sharia, BTPN Syariah bank, BUKOPIN Syariah bank, MAYBANK Syariah bank, MEGA Syariah bank, MUAMALAT Indonesia bank, and PANIN Syariah bank. Intellectual Capital and Company Size affect the Financial Performance (Return on Assets) of Islamic Banking in Indonesia 2018-2021 And Islamic Social Reporting (ISR) has no effect on Islamic Banking Financial Performance (Return on Assets).

Keywords : Intellectual Capital, Islamic Social Reporting (ISR), and Financial Performance (Return on Assets)

INTRODUCTION

Banks are one of the financial institutions that have an important role in the flow of the economy in Indonesia. According to Law No. 10 of 1998 concerning Banking, it is stated that a Bank is a business entity that collects funds from the public in the form of deposits and distributes them to the public in the form of credit and or other forms in order to improve the lives of many people. in general, banking institutions in Indonesia are divided into two types, namely conventional bank institutions and Islamic bank institutions (Adelia, 2018). At present, the development of Islamic banking in Indonesia has experienced a fairly rapid increase. This is proven by the increasing number of Islamic Banking from year to year. The following is the development of Islamic Commercial Banks in Indonesia from year to year, as follows :

Table 1. Development of Islamic Commercial Banks in Indonesia

| No.	Year	Number of Commercial Banks	Islamic Total Assets (in Billion Rupiah)
1	2018	14	316.691
2	2019	14	350.364
3	2020	14	397.073
4	2021	16	401.023

Source : Islamic Banking Statistics (2022)

Based on table 1, the development of Islamic commercial banks shows an increase in terms of quantity of Islamic commercial banks as well as in total assets. This growth has implications for competition between companies in the service sector, be it Islamic financial institutions or other service institutions. Companies are required to maintain and improve their performance in order to remain competitive and survive in increasingly fierce competition. With a more Muslim-dominated population, Islamic banking in Indonesia has a great opportunity to expand its market. However, this does not claim that the rate of development of Islamic banking can develop quickly. This indicates that the financial performance of Islamic banking is still weak. According to Bagdaludin (2019) financial performance is a description of the bank's financial condition in a certain period, both covering aspects of raising funds or channeling funds.

Financial performance can also be referred to as one aspect that shows the usability and efficiency of an organization in achieving its goals (Bagdaludin, 2019). Financial performance in this study uses the Return on Assets proxy, users and readers of financial statements can see how the financial performance of a company from year to year. Return on Assets has a function to calculate banking profitability. The ratio used to calculate the company's ability to earn profit or profit from investment activities is called Return on Assets (Adelia, 2018). Return on Assets is a good indicator, because the company's ability will be seen in the utilization of total assets owned to make a profit during the company's operation. The efficiency of the company in using its assets in operating activities to generate profits can be seen through Return on Assets (Munawir, 2014). The reason why choose Return on Assets is because Return on Assets is an in-depth measurement, this ratio can describe the entire financial statements presented by the company (Mariyantini & Putri, 2018).

Figure 1. Percentage Growth of Return on Asset (ROA) of Islamic Commercial Banks and Islamic Business Units in Indonesia 2018-2022
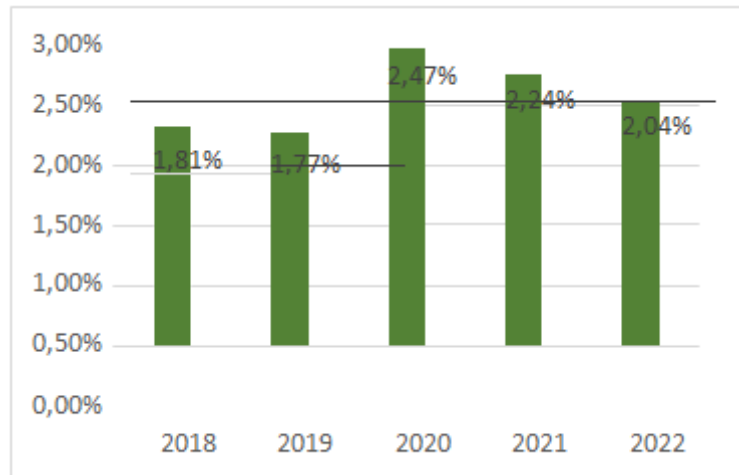
Source : Indonesian Sharia Banking Statistics (2023)

From the table above, it can be seen that the percentage growth of Return on Asset of Islamic commercial banks and Islamic business units in Indonesia has increased and decreased. In 2015 the percentage growth in Return on Asset was 1.81% then decreased in 2016 to 1.77%. Then experienced an increase in 2017 of 2.47%, then experienced a decline again in 2018 of 2.24% and in 2019 of 2.04%. This is based on global and domestic economic instability.

In Indonesia, the phenomenon of Intellectual capital began to develop and become the focus of attention after the emergence of PSAK No. 19 (Revised 2010) on intangible assets. Intangible assets refer to non-monetary assets that can be identified and do not have a physical form that are held for the production or delivery of goods or services, rental to other parties, or for management purposes. The main goal in a knowledge-based economy is to create value added. Meanwhile, in order to create value added, the right measure of physical capital (i.e. financial funds) and intellectual potential (represented by employees with all their inherent potential and capabilities) is required.

Rini (2020) stated that it has a positive and significant effect on the company's financial performance, namely on (Return on Assets). This is in line with research conducted by Rismawati (2014) which also states that there is a positive and significant influence between Intellectual Capital on financial performance.

In contrast to the results of research that suggests there is an influence between Intellectual Capital and Company Financial Performance, Hidayat and Dana (2019) stated that Human Capital has no effect on Return on Assets in mining sector companies on the IDX for the period 2016-2017. It means that the company has not utilized human capital optimally so that human capital is not much in influencing the company's financial performance proxied through Return on Assets. The structural capital component measured using SCE has no effect on Return on Assets in mining sector companies on the IDX for the period 2016-2017. This explains that the company's structural capital does not have a high contribution to the company's financial performance. The company's structural capital in its utilization does not affect the company's financial performance proxied by Return on Assets.

Almost similar to Maulana Hidayat and I Made Dana in a thesis written by Sry (2018) with the title Effect of Intellectual

Capital with the Islamic Banking Value Added Intellectual Coefficent (iB-VAIC) Approach on the Financial Performance of Islamic Commercial Banks in Indonesia, it was found that Islamic banking value added human capital (iB-VAHU) and Islamic banking value added structural capital (iB-STVA) did not significantly affect the financial performance of Islamic commercial banks. While Islamic banking value added intellectual coefficient (iB-VAIC has a positive and significant effect on the financial performance of Islamic commercial banks in 2011-2016.

Competition in the Islamic banking industry which is increasingly competitive today requires business actors to create more professional and innovative products in accordance with customer expectations. Given that the Islamic banking business sector has a fairly good and promising development, if it has high sensitivity and concern for the general public, gaps in society can be minimized, and indirectly, the community can also play a role in maintaining and supporting the development of Islamic commercial banks.

To foster public concern for the existence of a business entity, one of the ways that a company does is to carry out social responsibility activities. This social responsibility can be in the form of training activities for the community, environmental conservation, scholarships or so on. This corporate social responsibility is also called Corporate Ocial Responsibulity or abbreviated as CSR.

The formulation of CSR based on an Islamic perspective or Islamic Social Reporting is generally based on the Islamic Social Reporting index model. The ISR index is used as a benchmark for the implementation of the performance of Sharia Banking which contains CSR standards that have been set by the Accounting and Auditing Organization for Islamic Financial Institutions which are further developed by researchers. Previous research on CSR conducted by several researchers has

differences in research results between researchers with one another.

Setiawan et al, (2018) entitled The Effect of Islamic Social Reporting (ISR) Disclosure on Company Value with Financial Performance as a Moderating Variable, Financial performance is not able to moderate the influence of Islamic Social Reporting (ISR) on company value, suggesting that investors in Indonesia are still inclined to only see financial performance to assess the company, without seeing non-financial factors such as disclosure of corporate social responsibility in Islamic as one of the considerations for investing their funds. In research conducted by Helliana and Khomsiyah (2020) where it is stated that Islamic Social Reporting in Islamic banking has a negative effect on financial performance, because Islamic banking runs its operations by emphasizing social aspects by providing greater environmental and social benefits, so that more costs and does not affect financial income.

According to Detikfinance, PT Bank Muamalat Indonesia Tbk is experiencing problems in the financing ratio that is too large. Based on Bank Muamalat's financial statements in September 2022, the total assets obtained amounted to Rp. 55.71 trillion, which experienced a growth of 3.46% compared to September 2021 of Rp. 55.78 trillion. Net profit for the year was recorded at Rp. 34.17 billion which was lower than September 2021 which amounted to 37.95%. Not only in assets and net profit. In the progress of providing minimum capital (CAR), Bank Muamalat as of September was recorded at 11.58%, which was down compared to September 2021 of 12.75%, total production assets of 3.91% increased compared to September 2021 of 3.83%. The provision for impairment losses (CKPN) of financial assets against production assets was recorded at 2.62%, down from September 2021 of 4.27%, and also non-production assets were recorded at 4.17%, an increase compared to September

2021 of 3.8%.

At PT Bank Panin, non-performing loans reached 12% in 2021 due to losses of Rp. 968 billion, which in the previous year had a profit of Rp. 20 billion. The loss was due to net profit sharing income only growing 5.76%. Net profit sharing income rose slightly by only 4.27%. In addition, operating costs rose by almost 377%, the allowance for non-performing financing losses rose by 572%. The non-performing financing ratio in 2021 rose to 12.5% from the previous year's 2.26%.

From the several events above, the occurrence of fluctuations or unstable conditions shows that there are symptoms that are not permanent in Islamic banking ROA because there are several factors that can influence such as Intellectual Capital and Islamic Social Reporting. If the company does not pay attention to existing factors both from consumers, employees, society and natural resources which are a unity that supports a system, then this action will end the existence of the company itself (Bagdaludin, 2019).

For the creation and improvement of Islamic banking Return on Assets, intellectual capital is needed so that companies are able to use company resources economically, efficiently, and effectively so as to increase profits to be obtained (Andriana, 2014). The reason for choosing the Intellectual Capital variable is because intellectual capital is a resource that contributes to the creation and improvement of a company's competitive advantage, because with the application of intellectual capital, the company will be able to use company resources economically, efficiently, and effectively. And later it is expected to make a significant contribution to company performance Intellectual Capital is defined as the sum of each component that can provide added value to the company. One way to measure company performance from a financial perspective is very accurate but actually what will be the basis for driving the value of finance is human resources.

Intellectual capital has three main components in it, namely structural capital, human capital, and customer capital. These three components have their respective roles in creating the company's intellectual capital value which will ultimately determine the company's financial performance (Bagdaludin, 2019).

Human resources with all the knowledge, ideas, and innovations are called human capital. Human capital is part of intellectual capital which is very important for the progress and growth of the company in the future so that it becomes a determining factor for assessing company performance. IC is considered an "economic value creator" for companies that are oriented towards long-term sustainable growth. However, unfortunately in Indonesia IC is still not well known. This is because companies in Indonesia still use a conventional basis in building their business, so that the products produced are still poor in technological content. The sustainability of the company is guaranteed if the company carries out its responsibilities not only limited to shareholders but the company is also obliged to pay attention to the social and environmental dimensions in which the company operates. The community will give a negative response to companies that are considered not paying attention to the economic, social and environmental conditions. The negative response from the community is what will threaten the sustainability of the company and as a financial institution that is run by Islamic principles; it is appropriate for the social responsibility reporting of Islamic financial institutions, especially Islamic commercial banks, using standards that are regulated based on Islamic principles. In this case, Islamic banking is also important for Corporate Social Reporting (CSR) in Islamic banks as the core of its corporate business ethics. In Indonesia CSR regulations are contained in Law No. 40 of 2007 concerning Limited Liability Companies Article 74, which regulates the obligation of companies conducting business in the field of or related

to natural resources to carry out social and environmental responsibilities.

The function of CSR can help companies improve financial performance, improve image, and increase the attractiveness of the company as a good place to work (Andriana, 2014). Disclosure of social responsibility in sharia entities is known as Islamic Social Reporting (ISR). Islamic Social Reporting is social responsibility reporting in an Islamic perspective regarding the transparency of corporate activities that can increase stakeholder trust (Apridhoni, 2017).

Islamic Social Reporting (ISR) is a standard for reporting the social performance of sharia-based companies. The more a company discloses social responsibility, the greater the opportunity for the company to have an impact related to the financial performance of a company (Khusnawati, 2017). The implementation of corporate social responsibility is believed to improve company performance, where investors will be more likely to invest in companies that have implemented corporate social responsibility. Related to the need for CSR disclosure in Islamic banking, some Islamic economists provide ideas in the form of social performance reporting of Islamic business institutions. This is because the CSR reporting of Islamic business institutions still uses conventional or general CSR reporting standards that do not cover the items of sharia principles. So, the index used in sharia-based CSR disclosure with Islamic Social Reporting (ISR). The use of the ISR index aims to report social aspects in the activities of Islamic financial institutions in an Islamic perspective as an alternative to minimize weaknesses in the practice of Islamic financial institutions. The formulation of CSR based on an Islamic perspective or Islamic Social Reporting is generally based on the Islamic Social Reporting index model. The ISR index is used as a benchmark for the implementation of Islamic Banking performance which contains CSR standards set by AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions) which are then further developed by researchers regarding CSR items (Khusnawati, 2017).

This research is about how the influence of Islamic Social Reporting and Intellectual Capital on Financial Performance with Return on Assets Proxy. The reason for choosing sharia-based CSR variables with Islamic Social Reporting (ISR) is because CSR disclosure is one form of corporate responsibility for established economic development in an effort to improve the quality of life of the community and the environment. CSR is also a company's commitment to stakeholder interests in a broad sense, not just the interests of the company. Although it actually adds to the company's costs, it will create a positive image in the community in the future for the company, so that it indirectly makes people interested and feel confident in the company's products and the company's profitability will increase.

The problem identification in this study is as follows: Intellectual Capital and Islamic Social Reporting data are data obtained from the annual financial statements of Islamic Commercial Banks in Indonesia in 2018-2021 listed in the annual report. The financial performance data used is data from the annual reports of all Islamic Commercial Banks in Indonesia in 2018-2021 listed in the annual report. The indicators are net income and assets (ROA) on the grounds that users and readers of financial statements can see how the financial performance of a company from year to year.

LITERATURE REVIEW

Several previous studies on Islamic Social Reporting, Intellectual Capital and Company Size on Financial Performance in Indonesia. Among them Munizu (2010), and Maharani (2017), state that ISR has an effect on financial performance, and Ayuningtias (2016) state that ISR has no effect on financial performance. The results of

previous research on the effect of intellectual capital on financial performance were conducted by Apridhoni (2017) and Mariyantini & Putri (2018) which stated that IC had an effect on financial performance, and Safitri (2012) stated that IC had no effect on financial performance. Meanwhile, Isbanah (2015) and Giyarti (2015) who have the results of company size affect financial performance, as well as Gantino (2016), and Sari (2017) state that company size has no effect on financial performance. Roa is important for banks, because Roa is used to measure the effectiveness of banks in generating profits by utilizing their assets. Therefore, I want to see how important intellectual capital and Islamic social reporting are to financial performance in Islamic banks in the future, while judging from previous research intellectual capital and Islamic social reporting have no effect on ROA.

The difference between this study and previous researchers is the difference in the research year and the object of research where previous researchers used the observation year 2013-2015, while this study used the observation year 2018-2021.

Another difference in the object of research, where previous researchers used conventional banking while this study used Islamic banking objects. Furthermore, the difference lies in the research variables where the previous research variables used consisted of 3 independent variables and 1 dependent variable, namely the Islamic Social Reporting, Intellectual Capital and Company Size variables on Financial Performance. Whereas in this study it consists of 2 independent variables and 1 dependent variable, namely intellectual capital and Islamic social reporting on bank financial performance.

RESEARCH METHODS

In this study, the authors used a quantitative type of research. The data used is secondary data in the form of annual reports 2018-2021 which also contains disclosure of social responsibility. The populations in this study are Islamic Commercial Bank companies registered with the Financial Services Authority (OJK) in 2018-2021. The total population is 14 banks. The following is a table of Islamic Commercial Banks in Indonesia which is the basis for research reference.

Tabel 2. List of Research Population

No	List of Islamic Commercial Banks	Website
1	PT Bank Aceh Syariah	www.bankaceh.co.id
2	PT BPD Nusa Tenggara Barat Syariah	www.bankntbsyariah.co.id
3	PT Bank Muamalat Indonesia	www.bankmuamalat.co.id
4	PT Bank Victoria Syariah	www.bankvictoriasyariah.co.id
5	PT Bank BRISyariah	www.bankbsi.co.id
6	PT Bank Jabar Banten Syariah	www.bjbsyariah.co.id
7	PT Bank BNI Syariah	www.bnisyariah.co.id
8	PT Bank Syariah Mandiri	www.syariahmandiri.co.id
9	PT Bank Mega Syariah	www.megasyariah.co.id
10	PT Bank Syariah Bukopin	www.syariahbukopin.co.id
11	PT Bank BCA Syariah	www.bcasyariah.co.id
12	PT Bank Tabungan Pensiunan NasionalSyariah	www.btpnsyariah.com
13	PT Bank Net Indonesia Syariah	www.banknetsyariah.co.id

| 14 | PT Bank Panin Dubai Syariah | www.paninbanksyariah.co.id |

Furthermore, the sample selection of this study was carried out using purposive sampling technique, where the sample selection used certain considerations through the criteria used were as follows :

a. Islamic Commercial Banks (BUS) registered with the Financial Services Authority (OJK) in 2018-2021 and published their annual reports for four consecutive years, namely 2018, 2019, 2020 and 2021. Annual reports are published as of December 31, to maintain uniformity of analysis and samples.

b. Companies that use rupiah value units in their financial statements during the research year as the reporting currency.

c. Islamic banking that discloses Islamic Social Reporting in its annual report on the respective bank website.

Based on these criteria, the sample in this study was 9 Islamic Commercial Banks with a period of 4 years with a total sample of 36. The banks that are the objects of this research are BCA Syariah bank, BJB Syariah bank, BSI Syariah bank, BTPN Syariah bank, BUKOPIN Syariah bank, MAYBANK Syariah bank, MEGA Syariah bank, MUAMALAT Indonesia bank, and PANIN Syariah bank. The dependent variable in this study is financial performance as measured by the profitability ratio, namely Return On Asset (ROA). The independent variables in this research are intellectual capital and Islamic social reporting. Intellectual capital. The IC measurements used in this study are Value Added Intellectual Coefficient (VAIC). Value Added Capital Employed (VACA), Value Added Human Capital (VAHU), Structural Capital Coefficient (STVA), and for the measurement method of Islamic social reporting through Zakat Performance Ratio (ZPR). The equation for testing the overall hypothesis in a study is as follows: $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$

Description:

Y   : Islamic Banking Performance (ROA)

A   : Constant

X_1 : IC

X_2 : ISR

$\beta_1-\beta_2$: Magnitude of Regression Coefficient of Each

ε : *Error*

The data analysis method used in this research is data normality test and multiple linear regression analysis. Then several data normality tests will be used, namely multicollinearity test, heteroscedatosity test, autocorrelation test. In the multiple linear regression approach using several tests, namely the coefficient of determination (R^2) test, model feasibility test (f test), hypothesis testing (T test), The data collected in this study were processed with the SPSS V.23 program.

RESEARCH RESULTS

Data Normality Test

The results of the normality test can be seen in the following table :

Table 2. Data Normality Test Results

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		36
Normal Parameters[a,b]	Mean	0E-7
	Std. Deviation	1.22946331
Most Extreme Differences	Absolute Positive	.190
	Negative	.135
		-.140
Kolmogorov-Smirnov Z		1.669
Asymp. Sig. (2-tailed)		.051

a. Test distribution is Normal.

b. Calculated from data.

Source: Results of Data Processing (2023)

The results of the data normality test using Kolmogrov-smirnov shown in table 2 show that the dependent variable K-S is 1.669 with a significant level of 0.051 > 0.05. From these results it can be seen that the significant number (Sig) for the dependent and independent variables in the Kolmogrov- Smirnov test is greater than the alpha level a set at the 0.05 95% confidence level, which means that the sample is normally distributed.

The multicollinearity test aims to test whether the model found a correlation between independent variables. If the independent variables are correlated with each other, the variables are not orthogonal, namely the independent variables whose correlation value between fellow independent variables is equal to zero. Tol > 0.10 and Variance Inflation Factor (VIF) < 10 (Ghozali, 2018). The results of the multicollinearity test can be seen in the following table:

Multicollinearity Test

Table 3. Multicollinearity Test Results Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1 (Constant)	3.523	2.111		1.233	.213		
IntellectualCapital	-.366	.199	-.230	-2.081	.026	.911	1.044
Islamic SocialReporting	.044	.043	.187	1.321	.230	.934	1.044

a. Dependent Variable: Return On Assets

Source: Results of Data Processing (2023)

Based on the test results in the table above, it is known that the Intellectual Capital tolerance value is 0.911 and the VIF value is 1.044. And the value of Islamic Social Reporting shows the results of the tolerance calculation of 0.934 and the VIF value of 1.044. From the above results, it is concluded that all VIF values in all research variables are smaller than 10 and the tolerance value is more than 0.1. This shows that there is no correlation between the independent variables or there are no

symptoms of multicollinearity among the independent variables in the regression model.

Heteroscedaticity Test

In research to detect heteroscedaticity there are several tests, for example by using the scatterplot test and the Glejser test, while in this study the authors used the Glejser test. The following are the results of the heteroscedaticity test with the Glejser diagram of the regression model in this study.

Table 4. Glejser Heteroscedaticity Test Results Coefficients[a]

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
	B	Std. Error	Beta		
1 (Constant)	3.523	2.111		1.233	.213
IntellectualCapital	-.366	.199	-.230	-2.081	.026
Islamic SocialReporting	.044	.043	.187	1.321	.230

a. Dependent Variable: Abs_Res

Source : Results of Data Processing (2023)

Based on the heteroscedaticity test with the Glejser method, the significance values of 0.213, 0.026 and 0.230 are greater than 0.05 so it can be concluded that the data does not occur heteroscedasticity symptoms.

Autocorrelation Test

The autocorrelation test aims to test whether in the linear regression model there is a correlation between confounding errors in period t-1 (previous). If there is a correlation, it is called an autocorrelation problem. Several ways can be used to detect the presence or absence of autocorrelation, one of which is the Durbin Watson Test. The results of the Autocorrelation test can be seen in the following table:

Table 5. Autocorrelation Test Model Results Summary[b]

Model	R	R Square	Adjusted RSquare	₂ Error of theEstimate	Durbin-Watson
1	.405[a]	.211	.117	2.8823430	2.112

a. Predictors: (Constant), *IntellectualCapital, Islamic Social Reporting*

b. Dependent Variable: Return On Asset

Source: Results of Data Processing (2023)

Table 5 above shows that this study has 3 independent variables and 1 dependent variable and has a total sample size of 36, on this basis, it can be seen that the No. value obtained from the Durbin Watson table is 1.6231. Because the DW value is located between the No. < dw < 4-No. value, where $(1.6231 < 2.112 < 2.882)$ it can be concluded that there are No. positive or negative autocorrelation symptoms in the regression model.

Multiple Linear Regression

Based on the results of the classical assumption test, multiple linear regression analysis can be performed in this study. Multiple linear regression analysis is needed to determine the regression coefficients and their significance so that they can be used to answer the hypothesis.

The results of multiple linear regression analysis using SPSS appear in the table as follows:

Table 6. Multiple Linear Regression Results Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.523	2.111		1.233	.213
IntellectualCapital	-.366	.199	-.230	-2.081	.026
Islamic SocialReporting	.044	.043	.187	1.321	.230

a. Dependent Variable: *Return On Assets*

Source: Results of Data Processing (2023)

Based on the table above, it can be seen that the regression equation is as follows: $Y = \alpha + \beta 1 X1 + \beta 2 X2 + \mathcal{E}$, Y = 3,523 - 0,366+ 0,044 + *e*

The results of the equation can be seen as follows:

1. The constant (α) of 3.523 indicates that if Intellectual Capital, Islamic Social Reporting is assumed to be fixed, the constant value of return on assets is 3.523.

2. The Intellectual Capital coefficient of - 0.366 indicates that the Intellectual Capital variable causes ROA to decrease by - 0.366 assuming other variables remain equal to zero.

3. The Islamic Social Reporting coefficient of 0.044 indicates that each one unit increase in the ISR variable causes ROA to increase by 0.044 assuming other variables remain the same as zero.

Determination Coefficient Test (R^2)

The Coefficient of Determination (R2) measures how far the model's ability to explain variations in the dependent variable. A value close to 1 means that the independent variables provide almost all the information needed to predict the dependent variation. Noteworthy R2 characteristics: The amount is never negative (non negative quantity) and the value of R2 used is between 0 and 1 ($0 < R < 1$), the closer to 1 the greater the relationship between the independent variable and the dependent variable. The results of the coefficient of determination can be seen in the following table:

Table 7 R Square Model Test Results Summary[b]

Model	R	R Square	Adjusted RSquare	Std. Error of the Estimate	Durbin-Watson
1	.405[a]	.211	.117	2.8823430	2.112

a. Predictors: (Constant), *IntellectualCapital, Islamic Social Reporting*,

b. Dependent Variable: Return On Asset

Source : Results of Data Processing (2023)

Table 7 states that the coefficient of determination (R2) is 0.211 in Islamic banking companies in Indonesia. The value of R2 used is 0-1 ($0 < R2 < 1$) the closer to 1, the greater the relationship between the independent variable and the dependent variable. From the table above we can see that R2 is 0.211 or 21.1%. This shows that the dependent variable can be explained by the independent variables in the model while

the remaining 78.9% is explained by other factors not examined in this study.

Model Feasibility Test (F Test)

The F statistical test shows whether all independent variables included in the model have an influence on the dependent variable. The F test is done by comparing the calculated F value with the F table.

With the condition that if F count> F table or significant value (sig < 0.05) then the research model can be used and if F count < F table or significant value (sig > 0.05) then this research model cannot be used. The results of the F test can be seen in the following table:

Table 8. F Test Results Anova[a]

Model		Mean Square	F	Sig.
1	Regression	30,781	3,703	,012[b]
	Residual	8,312		
	Total			

a. Dependent Variable: *Return On Asset*

b. Predictors: (Constant), *IntellectualCapital Islamic Social Reporting*

Source : Results of Data Processing (2023)

Based on table 8 ANOVA, it can be seen that the significance of 0.012 is smaller than 0.05. Seeing the significant level in the F test, this model can be used to predict. Thus, this model equation is fit or feasible to use.

Hypothesis Test (T Test)

The t test is used to answer the hypothesis presented in the study. The conclusion if: Ha is accepted and H0 is rejected if t count > from t table or Sig < 0.05 Ha is accepted and H0 is rejected if t count < from t table or Sig > 0.05. The results of the t test can be seen in the following table:

Table 9. T test results Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.523	2.111		1.233	.213
IntellectualCapital	-.366	.199	-.230	-2.081	.026
Islamic SocialReporting	.044	.043	.187	1.321	.230

a. Dependent Variable: *Return On Asset*

b. Predictors: (Constant), *IntellectualCapital, Islamic Social Reporting*,

Source : Results of Data Processing (2023)

1. Based on the table above, the t test results obtained a value for the Intellectual Capital variable (X1) sig of 0.026 while with α = 0.05. So the sig value is smaller than the *alpha* value (0.026 < 0.05). Then the proposed Ha is accepted and Ho is rejected. It is concluded that Intellectual Capital (X1) has an effect on Return On Assets (Y).

2. Based on the table above, the t test results obtained a value for the Islamic Social Reporting (X2) variable sig of 0.200 while with α = 0.05. So the sig value is greater than the *alpha* value (0.230 > 0.05). So the proposed Ha is rejected and Ho is accepted. The conclusion that Islamic Social Reporting (X2) has no effect on Return On Assets (Y).

This shows that each item used will be able to obtain consistent data, which means that if the statement is submitted again, an answer that is relatively the same as the previous answer will be obtained.

The Effect of Intellectual Capital on Financial Performance

Based on the results of the first hypothesis (Ha1) states that there is a significant influence between intellectual capital on financial performance proxied by ROA. Islamic banking has managed its human resources well to the maximum so that it can produce a quality workforce, which increases employee productivity in the company. So that financial performance increases and also increases ROA in the company. The higher the value of banking intellectual capital, the better the bank manages its assets.

Good asset management can increase company profits which have an impact on increasing ROA. There is an increase in profits because intellectual capital has 3 components, namely; 1) Human Capital, which is human capital that is useful in facing various challenges in order to achieve company goals. 2) Capital Employed is the utilization of capital efficiency that can increase ROA. An increase in ROA will lead to an increase in performance on stakeholder returns. 3). Structural Capital with SC management in the form of system, procedure, and database management. Can improve employee performance to innovate, learn and then practice it. The results of this study are in line with Nurhayati (2020) which also proves that intellectual capital affects financial performance, that intellectual capital can increase employee productivity so that employee productivity can improve financial performance.

The Effect of Islamic Social Reporting on Financial Performance

Based on the results of the second hypothesis (Ha2) states that there is no significant influence between Islamic Social Reporting proxied by the ISR index on Financial Performance proxied by ROA. That the higher the index of ISR disclosure made by the company, has no significant effect on increasing the company's profit return or ROA obtained by the company. The effect of ISR disclosure which has indicators of investment, social, environmental, labor, organizational governance and service products does not show a significant influence on the company's financial performance. In addition, the public also does not pay attention to CSR disclosure reporting in making decisions when using Islamic bank services (Maulida, 2019). and also the quality of the ISR Index which is not easy to measure, and most investors are oriented towards short-term performance.

Meanwhile, CSR is considered to have an effect on long-term performance where the results of CSR will not have an impact now. This is also possible due to the low disclosure of ISR in the annual reports made by banks in Indonesia. In addition, the disclosure of the ISR index does not affect the financial performance of Islamic banking in Indonesia due to the lack of public understanding of CSR activities, causing public concern in general to be less good. The results of this study are in line with Adelia (2018), which says there is no significant influence between Islamic Social Reporting on financial performance (ROA).

Because companies that disclose social responsibility may have weaknesses because the company incurs unnecessary costs. This is what causes the company's profit to decrease and will be followed by an insignificant increase in ROA.

CONCLUSION

Based on the results of research and discussion, the following conclusions can be drawn: Intellectual Capital has a positive and significant effect on the Financial Performance of Islamic Commercial Banks in Indonesia, Islamic Social has no effect on the Financial Performance of Islamic Commercial Banks in Indonesia, Intellectual Capital and Islamic Social together have a positive and significant effect on the financial performance of Islamic Commercial Banks in Indonesia.

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