INTELLECTUAL CAPITAL AND ISLAMICITY PERFORMANCE INDEX: DOES IT AFFECT TO PROFITABILITY OF ISLAMIC COMMERCIAL BANKS?

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Abstract	*: The financial performance of Islamic banking is not only measured through the assessment of financial entities such as financial ratios but also encompasses an evaluation of human capital. This research aims to assess the intellectual capital (IC) and Islamicity Performance Index (IPI) on the financial performance of Islamic Commercial Banks using profitability as a proxy. This study adopts a quantitative research approach using secondary data. The sample consists of 12 Islamic Commercial Banks selected through a purposive sampling technique during the observation period from 2021 to 2022. The data analysis technique employed is regression analysis using a panel modelling approach. The findings indicate that Islamic Banking Value Added Capital Employed (iB-VACA), Islamic Banking Value Added Human Capital (iB-VAHU), Profit Sharing Ratio (PSR), and Equitable Distribution Ratio (EDR) have a significant influence on profitability. However, Islamic Banking Structural Capital Value Added (iB-STVA) does not have a significant impact on the profitability of Sharia commercial banks.*
Keywords	*: **Profitability, IC, IPI, Panel Data***

1. Background

In the era of technological and scientific development, especially in the field of Islamic economics, all sectors including Islamic commercial banks realize that intangible resources can motivate companies to achieve and maintain maximum results. One of the most powerful types of information, which is considered the most important source in creating value and competitive advantage in all sectors including the monetary sector is capital management. This is because financial institutions can compete effectively in the digital world where at this time, they can learn strategic priorities to survive and compete with their competitors (Zakiyah, 2021).

The company in this study is an Islamic commercial bank that has its own business knowledge to generate profit which is used as a main focus in evaluating the company's capabilities. Profits obtained by Islamic commercial banks are part of the value-added process (Santoso et al., 2017). In general, Islamic commercial banks measure the value of their business using a profitability ratio. The profitability ratio consists of Return on Assets (ROA), Return on Equity (ROE), and Profit Margin (Hasanah & Enggariyanto, 2018). This study uses Return on Assets because it is considered more efficient for measuring company profits than measuring profits using Return of Equity and Profit Margin. The level of Return on Assets generated by Islamic commercial banks in the 2021-2022 period is considered unstable because there are

still increases and decreases every month. Efforts that must be made by Islamic banks to stabilize Profitability proxied by Return on Assets (ROA) are to maximize their performance (Rizal & Humaidi, 2021).

The performance carried out by Islamic commercial banks to achieve maximum profitability is not only measured through monetary terms but also measured through the company's human capital. Human Capital is the lifeblood of intellectual capital, a source of innovation and improvement, but it is a component that is difficult to measure. Human Capital reflects the company's collective ability to develop the best solutions based on the knowledge of human resources found in Islamic commercial bank companies. This ability can be realized if the company can control the knowledge of its employees (Sawarjuwono, 2003). The rapid development of Islamic commercial bank business activities is evidenced by companies that increasingly rely on intangible assets compared to tangible assets. This has been proven by a study by the Brookings Institution in the United States. Therefore, the writer is interested in researching this problem.

One way to measure company performance is to use the Intellectual Capital approach and the Islamicity Performance Index. Intellectual Capital is defined as an intangible asset in the form of knowledge that is used by the company to create value for interested parties. Ulum et al., (2014) stated that Intellectual Capital is a Value Added Intellectual Coefficient (VAIC) initiated by Pulic in 1998 which is commonly used as a tool to measure the performance of intellectual capital of companies, namely Islamic commercial banks. Intellectual Capital in Indonesia began to be recognized with the emergence of PSAK number 19. The VAIC component consists of Value Added Capital Employed (VACA), Value Added Human Capital (VAHU), and Structural Capital Value Added (STVA). Value Added Capital Employed is defined as a VA indicator made from one unit of physical capital. The second indicator of Intellectual Capital is Value Added Human Capital.

Value Added Human Capital can be interpreted as a combination of knowledge, expertise (skill), and the ability to create something new when carrying out obligations related to corporate culture, corporate values and philosophy. If the quality of human resources is less than optimal, operational efficiency will automatically slow down and will affect business profits, including the Islamic banking industry. The last intellectual indicator is Structural Capital Value Added (STVA).

Structural Capital Value Added (STVA) is defined as the sum of all structural capital that should generate rupiah with added value in creating corporate value (Lestari et al., 2016). If the added value generated by the company increases, the company's profitability automatically also increases. Apart from Intellectual Capital, measuring the Profitability of Islamic commercial banks can also be done through the Islamicity Performance Index.

The Islamicity Performance Index is a performance measurement tool that can show the sharia values of Islamic commercial banks (Listiani et al., 2016). Measurementnperformanceapada indikator keuangan meliputi Profit Sharing Ratio (PSR), Zakat Performance Index (ZPR), Equitable Distribution Ratio (EDR), Directors - Employees Welfare Ratio, Islamic Investment Vs Non-Islamic Investment, Islamic Income Vs Non-Islamic Income, dan AAOIFI Index. Not all Islamicity Performance Index indicators are used to analyze the performance of Islamic commercial banks because of the monthly financial reports of Islamic commercial banks, not all banks publish the data required for the analysis of all research indicators. So, it only uses two ratios, namely the Profit-Sharing Ratio (PSR) and the Equitable Distribution Ratio (EDR).

Profit Sharing Ratio (PSR) can be defined as the ratio used to measure the funding ratio of the total funds issued by Islamic banks such as musyarakah and mudharabah grants (Rahayu & Septiarini, 2019). In addition to the PSR ratio, the Islamicity Performance Index approach also includes the Equitable Distribution Ratio (EDR) variable, which is an indicator of the application of Sharia principles, which in this case emphasizes justice through equal distribution of income. This ratio is used to determine the size of the average income distribution for many stakeholders (Pudyastuti, 2018).

2. TEORY AND METHOD
2.1 Knowledge Based Theory
KBT theory suggests that the participation of human resources in the company's operational activities plays a very important role in improving company performance, especially if employees are involved in routine activities carried out by the company. KBT is a development of the Resources-Based Theory (RBT) initiated by Grant in 1997 which assumes that scarce and hard-to-find resources come from science. Knowledge is a valuable asset for companies because companies have succeeded in creating unique resources by managing resources optimally (Hadli, Ikraam, 2022). This theory is concerned with the research variable Intellectual Capital which relates to information, intellectual property rights and experience that can be used to generate wealth or profit. Intellectual Capital consists of VACA, VAHU, and STVA. The three indicators are combined in VAICTM. Intellectual itself is defined as an intangible asset applied in a company that is not listed on the balance sheet (Ulumet al., 2014).

Value Added Capital Employed
Describes the company's ability to manage capital sources, which if managed properly will increase the efficiency of Islamic commercial banks. According to Knowledge-Based Theory, if intellectual capital efficiency is fully realized, Islamic commercial banks will have added value that can be provided by functions or characteristics (Wahyuni, 2012). Based on research conducted by Wahyuni, (2012) it shows that Islamic Banking-Value Added Capital Employed (iB-VACA) has a significant positive effect on the financial performance of Islamic commercial banks proxied by return On Asset because Islamic commercial banks can maximize the management of parastakeholders and manage working capital optimally. From this research, the hypothesis can be formulated as follows:
H1: Islamic Banking-Value Added Capital Employed Effect on Profitability.

Value Added Human Capital
Describes the contribution of human capital from each unit to the added value generated by the expenditure fund for Human Capital (HC) which includes all expenditures for labor, including wages, salaries and expenses (Alia et al., 2022). Based on research conducted by Firer & Mitchell Williams (2003), Tan et al., (2007), and Riyanti et al., (2012) shows that Islamic Banking-Value Added Human Capital has a significant positive effect on Return on Assets so which can be formulated hypothesis as follows:
H2: Islamic Banking-Value Added Human Capital has a positive effect on Profitability.

Structural Capital Value Added
Describes the capital needed to complete the routine processes of Islamic commercial

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banks to produce optimal performance. If it is not balanced with good
Structural Capital management will slow down employee productivity in the Value Added process. Based on research conducted by Aliaet al., (2022) The results showed that Structural Capital Value Added Islamic banks (iB-STVA) have a significant positive effect on the financial performance of Islamic commercial banks as indicated by the ratio Return On Asset (ROAs). Because Islamic commercial banks can manage structures, systems, procedures and technology to improve performance. Based on this research, it is known that there is a relationship between Islamic banking and Islamic Banking-Structural Capital Value Added (iB-STVA) in Islamic commercial banks so the following hypothesis can be proposed:
H3: Islamic Banking-Structural Capital Value Added positive effect on profitability.

2.2 Stakeholders Theory
Based on stakeholders Theory management activities are considered important by stakeholders and management is required to communicate its actions to stakeholders (stakeholders). This theory states that the stakeholders of a company have the right to obtain information about the activities carried out by the company. This theory is very suitable when associated with the Islamicity Performance Index, which in this study uses only two ratios, namely the Profit Sharing Ratio and the Equitable Distribution Ratio.

Profit Sharing Ratio
Profit Sharing Ratio can be used as a measuring tool to determine the performance of Islamic commercial banks in achieving company management objectives related to profit sharing. Profit Sharing Ratio (PSR) calculates the amount of mudharabah and musyarakah financing for total financing (Puspitosari, 2017). Based on research conducted by Nabilla & Pahlevi, (2021) shows that the Profit Sharing Ratio (PSR) has a positive effect on financial performance as indicated by Return On Assets because the profit-sharing value through mudharabah and musyarakah financing issued by Islamic commercial banks increases. These results are in line with research conducted by Ikrima & Dahlifa, (2020) which states that the Profit Sharing Ratio affects the Return On Assets of Islamic commercial banks. So the hypothesis is proposed as follows:
H4: Profit Sharing Ratio Effect on Profitability.

Equitable Distribution Ratio
The Equitable Distribution Ratio explains the performance of the income distribution generated by Islamic commercial banks to stakeholders. Based on research conducted by (Rahmatullah & Tripuspitorini, 2020) shows that the Equitable Distribution Ratio has a significant positive effect on Profitability, which is shown by Return on Assets. This is influenced by the fact that Islamic commercial banks distribute the income they earn to stakeholders such as employees, investors, the public, and Islamic commercial banks themselves. statement from the results of the study shows that there is a relationship between Equitable Distribution Ratio with return on Asset, so the following hypothesis is obtained:
H5: Equitable Distribution Ratio effect onProfitability.

2.3 Research Methods
This research uses a quantitative method with a research sample of Islamic commercial banks for the 2021-2022 period in Indonesia. This study uses a population of twelve

Islamic commercial banks. The data used in this study is secondary data which can be interpreted as a source of research data collected by researchers indirectly through information intermediaries provided by intermediaries at that time (Hasyim, 2021). The method of data collection is by analyzing the financial statements of each Islamic commercial bank.

The data collection technique in this study was purposive sampling. The data analysis method uses panel data regression where the data is a combination of time series data and cross section data. Panel data is used to analyze the factors that affect profitability between companies, in this case, Islamic commercial banks (cross section) with time series. Thus, the panel data regression equation model can be stated as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e \qquad (2.1)$$

The tests used in this study include the CEM test, FEM test, REM test, chow test, Hausman test, Lagrange multiplier test, normality test, multicollinearity test, heteroscedasticity test, autocorrelation test, coefficient of determination test, partial test, and simultaneous test.

3. RESULT AND DISCUSSION
2.1. Data Analysis Results
This study uses monthly financial reports generated from each Islamic commercial bank spread across Indonesia for the 2021-2022 period. With a population of twelve Islamic commercial banks. then the financial statements are analyzed and tabulated data according to the needs of researchers. Descriptive statistics stating Intellectual Capital which consists of VACA, VAHU, STVA and the Islamicity Performance Index which consists of PSR and EDR.

Model Selection Test
Uji Chow
The Chow test is a test used to select an appropriate model between the Common Effect Model (CEM) and Fixed Effect Model (FEM) tests (Hasyim, 2021).

Table 3.1 Uji Chow

Effects Test	Statistic	d.f.	Prob.
Cross-section F	14.573352	(11,270)	0.0000

Source: Processed Panel Data, 2023 (Eviews 10 Output Results)

Based on the Chow test, it can be seen that the probability value of cross-section F is 0.0000, which is less than 5% (0.5). This explains that the right model to use in this study is the Fixed Effect Model (FEM). The next step is to check which Fixed Effects Model (FEM) or Random Effects Model (REM) is the most suitable to use through the Hausman test.

Hausman test
The Hausman test is used to select a suitable model between the Fixed Effect Model (FEM) or the Random Effect Model (REM) (Hasyim, 2021)

Table 3.2 Hausman test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	39.942547	5	0.0000

Source: Processed Panel Data, 2023 (Eviews 10 Output Results)

Based on the Hausman test, it can be seen that the chi-square probability value indicates the number 0.0000, which means less than 5% (0.5). So, in this test, the Fixed Effect Model was chosen as the most suitable model. The next step is to test the Lagrange multiplier (LM) to determine the best fit between the Common Effect Model (CEM) and the Random Effect Model (REM).

Lagrange Multiplier Test
The Lagrange Multiplier (LM) test is an optional test because it ensures that the model is indeed the best Random Effect Model (REM) or Common Effect Model (CEM).

Table 3.3 Uji Lagrange Multiplier

Null (no rand. effect) Alternative	Cross-section One-sided	Period One-sided	Both
Breusch-Pagan	367.5143 (0.0000)	0.333791 (0.5634)	367.8481 (0.0000)
Honda	19.17066 (0.0000)	-0.577747 (0.7183)	13.14718 (0.0000)
King-Wu	19.17066 (0.0000)	-0.577747 (0.7183)	15.43883 (0.0000)
GHM	-- --	-- --	367.5143 (0.0000)

Source: Processed Panel Data, 2023 (Eviews 10 Output Results)

Based on the Lagrange Multiplier test, the Breusch-Pagan value shows the number 0.0000 which means less than 5% (0.5). Therefore, the appropriate model for this test is the Random Effect Model (REM). Judging from the three trials, the model that is suitable for this study is the Fixed Effect Model (FEM) shown in the following table:

Table 3.4 Uji Fixed Effect Model (FEM)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.960241	0.423446	-4.629263	0.0000
VACA	0.149550	0.041387	3.613491	0.0004
VAHU	0.021362	0.008207	2.603009	0.0098
STVA	0.012305	0.023591	0.521609	0.6024
PSR	0.038183	0.007678	4.973176	0.0000
EDR	0.002147	0.000446	4.808784	0.0000

Effects Specification

Cross-section fixed (dummy variables)

Weighted Statistics

R-squared	0.501029	Mean dependent var	1.188558
Adjusted R-squared	0.471460	S.D. dependent var	1.927024
S.E. of regression	1.270725	Sum squared resid	435.9803
F-statistic	16.94459	Durbin-Watson stat	0.961869
Prob(F-statistic)	0.000000		

Unweighted Statistics

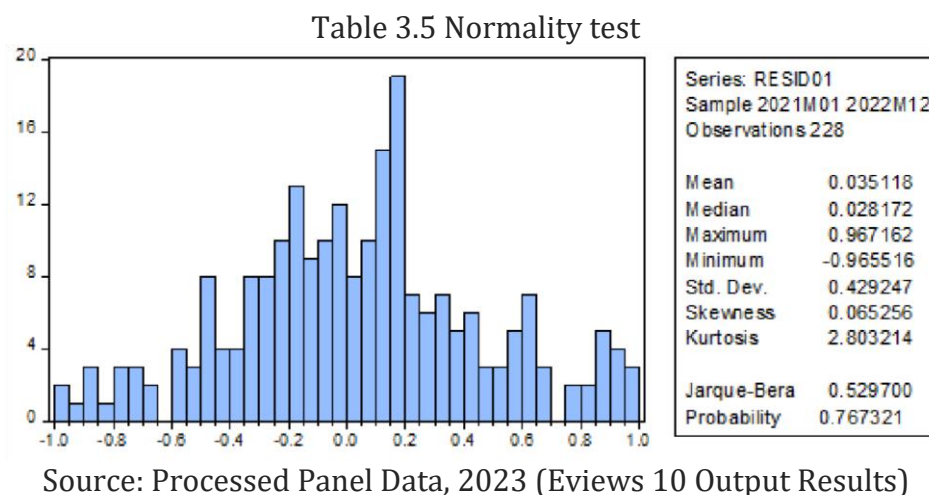| R-squared	0.510058	Mean dependent var	0.296728
Sum squared resid	524.6817	Durbin-Watson stat	0.674395

Source: Processed Panel Data, 2023 (Eviews 10 Output Results)

The results of the selected test, namely the Fixed Effect Model (FEM), show that the VACA probability value is 0.0004, which is smaller than 0.05 with a coefficient of 0.149550, which means that VACA affects the profitability of Islamic commercial banks. The VAHU probability of 0.0098 is smaller than 0.05 with a coefficient of 0.021362 meaning that VAHU affects the profitability of Islamic commercial banks. The STVA probability value of 0.6024 is greater than 0.05, meaning that STVA does not affect the profitability of Islamic commercial banks. While the PSR probability of 0.0000 is smaller than 0.05, meaning that PSR affects the profitability of Islamic commercial banks. The probability of an EDR of 0.0000 is smaller than 0.05, meaning that the EDR affects the profitability of Islamic commercial banks.

Classic Assumption Test
Normality test
The normality test can be defined as a test conducted to find out whether a regression model is normally distributed because of the independent and dependent variables or both. A regression model can be said to be good if the data used is normal distribution. The normality detection in the data table can be seen from the graphic values on the jarque-berra.

Table 3.5 Normality test

Series: RESID01	
Sample 2021M01 2022M12	
Observations 228	
Mean	0.035118
Median	0.028172
Maximum	0.967162
Minimum	-0.965516
Std. Dev.	0.429247
Skewness	0.065256
Kurtosis	2.803214
Jarque-Bera	0.529700
Probability	0.767321

Source: Processed Panel Data, 2023 (Eviews 10 Output Results)

Based on the graph, it can be seen that jarque-berra shows the number 0.529700 while the probability shows the number 0.767321. This shows that the data is normally distributed.

Multicollinearity Test
The multicollinearity test can be understood as a test conducted to detect whether there is a correlation between the independent variables in the panel data regression model. If the correlation coefficient between independent variables is less than 0.8 then the model is said to be multicollinearity. Conversely, if the correlation coefficient between the independent variables is greater than 0.8, then multicollinearity does not occur (Hasyim, 2021).

Table 3.6 Multicollinearity Test

	VACA	VAHU	STVA	PSR	EDR
VACA	1.000000	0.095484	0.051154	0.061977	-0.033322
VAHU	0.095484	1.000000	0.041943	0.160015	0.044807
STVA	0.051154	0.041943	1.000000	0.141283	-0.062020
PSR	0.061977	0.160015	0.141283	1.000000	-0.237246
EDR	-0.033322	0.044807	-0.062020	-0.237246	1.000000

Source: Processed Panel Data, 2023 (Eviews 10 Output Results)

Based on the results of the multicollinearity test above, the correlation value of each independent variable is less than 0.8, so it can be concluded that there is no multicollinearity problem in the research variables.

Autocorrelation Test

The autocorrelation test can be defined as a test conducted to see if there is a correlation between the interfering errors in period t with a confounding error in period t-1 (previous period) (Hasyim, 2021).

Table 3.7 Autocorrelation Test

Cross-section fixed (dummy variables)

R-squared	0.720827	Mean dependent var	0.297591
Adjusted R-squared	0.703119	S.D. dependent var	1.938389
S.E. of regression	1.056166	Akaike info criterion	3.008038
Sum squared resid	298.9506	Schwarz criterion	3.238135
Log likelihood	-412.1494	Hannan-Quinn criter.	3.100268
F-statistic	40.70468	Durbin-Watson stat	1.990120
Prob(F-statistic)	0.000000		

Source: Processed Panel Data, 2023 (Eviews 10 Output Results)

The autocorrelation test shows the value Durbin Watson of 1.990120 with a dU value of 1.8742 and a dL value of 1.647 while a 4-dU value of 2.1258 and a 4-dL value of 2.3353. This means that in this study there was no autocorrelation.

Heteroscedasticity Test

A heteroscedasticity test is a test conducted to determine whether there is an inequality of variance from one residual observation to another. One of the methods used in this test is the method Glazes, where the estimated residual absolute variable is used as the dependent variable (variable Y).

Table 3.8 Heteroscedasticity Test

Heteroskedasticity Test: Glejser

F-statistic	0.815957	Prob. $F_{(4,282)}$	0.5158
Obs*R-squared	3.283692	Prob. Chi-Square(4)	0.5115
Scaled explained SS	6.747646	Prob. Chi-Square(4)	0.1498

Source: Processed Panel Data, 2023 (Eviews 10 Output Results)

The table above shows that the probability value of chi-square is 0.5158 which is greater than 0.05, so it can be concluded that this study does not have heteroscedasticity.

Determination Coefficient Test (R2)
Test the coefficient of determination (R2) is performed to measure the ability of the model to explain the variation of the independent variables. The value of the coefficient of determination is always between 0 (zero) and 1 (one).

Table 3.9 The coefficient of determination (R^2)

	Weighted Statistics		
R-squared	0.501029	Mean dependent var	1.188558
Adjusted R-squared	0.471460	S.D. dependent var	1.927024
S.E. of regression	1.270725	Sum squared resid	435.9803
F-statistic	16.94459	Durbin-Watson stat	0.961869
Prob(F-statistic)	0.000000		

Source: Processed Panel Data, 2023 (Eviews 10 Output Results)

Based on the test results in Table 3.9 it can be seen that the adjusted R-Square value generated in the test is 0.501029 which indicates the possibility of the variables Value Added Capital Employed (VACA), Value Added Human Capital (VAHU), Structural Capital Value Added (STVA), Profit Sharing Ratio (PSR) and Equitable Distribution Ratio (EDR) to take into account the variable Return On Assets (ROA) is 51% while the remaining 49% is explained by other variables not included.

Uji Goodnes of Fit (Uji F)
The goodness of Fit test (F test) is a test that is carried out by comparing the calculated F value with the F table, or it can also be done by looking at the probability value from the regression table.

Table 3.10 Uji Goodnes of Fit (Uji F)

	Weighted Statistics		
R-squared	0.501029	Mean dependent var	1.188558
Adjusted R-squared	0.471460	S.D. dependent var	1.927024
S.E. of regression	1.270725	Sum squared resid	435.9803
F-statistic	16.94459	Durbin-Watson stat	0.961869
Prob(F-statistic)	0.000000		

Source: Processed Panel Data, 2023 (Eviews 10 Output Results)

Based on Table 3.10 above, it can be seen that testing the data with the F test yields a value of 16.94459 with a significance level of 0.000000. These results explain that the significance level is less than 0.05, which means that it can be concluded Value Added Capital Employed (VACA), Value Added Human Capital (VAHU), Structural Capital Value Added (STVA), Profit Sharing Ratio (PSR), and Equitable Distribution Ratio (EDR) has a simultaneous effect on Return on Assets (ROA) of Islamic commercial banks for the 2021-2022 period.

Partial Test (t-test)

This test in multiple linear regression is used to determine whether or not the partial effect of the regression model on the independent variable on the dependent variable is shown in the following table:

Table 3.11 Partial Test (t test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.286049	0.231643	1.234870	0.2179
VACA	0.141579	0.085617	1.653630	0.0993
VAHU	0.036709	0.012060	3.043714	0.0026
STVA	0.249180	0.042333	5.886169	0.0000
PSR	-0.009770	0.003791	-2.577007	0.0105
EDR	0.003039	0.001358	2.237371	0.0260

Source: Processed Panel Data, 2023 (Eviews 10 Output Results)

Regression Test

Judging from the output result Eviews 10 in Table 3.11 above, the following regression equation can be obtained:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e \qquad (3.1)$$
AND =0.286+0.142+0.037+0.249-0.009+0.003+e

3.2 Discussion

This study aims to determine the performance level of Islamic commercial banks in Indonesia during the 2021-2022 period when measured using Intellectual Capital and the Islamicity Performance Index. The importance of this research is so that stakeholders know the development and value of Islamic commercial banks in the future so that these stakeholders, especially investors, can assess which companies are good to invest in.

From the statistical analysis in Table 3.11 above it is found that the VACA probability value is bigger than the alpha value (0.099 >0.05) so it is stated that VACA has no effect on Profitability proxied by ROA. This is because the level of contribution that has been made by each company's equity unit or commonly referred to as Capital Employed (EC) has increased so that the Profitability level of these Islamic commercial banks has also increased. This research supports research conducted by Olivia et al., (2021) which states that VACA has a significant effect on the financial performance of Islamic banking. This is because the VACA produced by the companies in this study has increased, increasing the profitability of these companies.

In the second research variable, it was found that the VAHU probability was also smaller than the alpha value (0.0026 <0.05) so it was decided that VAHU had a significant positive effect on Profitability proxied by ROA. This is because the level of innovation, skill, and employee understanding of their duties in the company increases. This research supports research by Alia et al., (2022) which shows that VAHU has a significant positive effect on Return on Assets (ROA). Because the level of human resources contained in each Islamic commercial bank has increased both in terms of innovation, skills and knowledge.

The third research variable is found that the probability of STVA is greater than alpha (0.000 < 0.05) so it is stated that STVA has significant effect on Profitability proxied by ROA. Companies, in this case, Islamic commercial banks, can optimize and utilize network expertise and can manage physical capital better than in previous years

to produce higher quality and productivity. This research supports research conducted by Friandi & Akbar, (2018) that STVA does not affect Profitability (ROA). In recent years, Islamic commercial banks generally have the highest Value Added in terms of Physical Capital and Structural Capital. It can be interpreted that Islamic commercial banks have been able to utilize and maximize their network expertise and manage physical capital better to produce extraordinary productivity.

The fourth research variable shows that the PSR probability value is smaller than the alpha value (0.0155 <0.05) so it is stated that PSR has a significant positive effect on Profitability proxied by ROA. This is likely due to the increase in musyarakah and mudharabah financing issued by Islamic commercial banks in Indonesia to their customers in 2021-2022, which will ultimately affect the profitability of these banks. This research is by research conducted by Pudyastuti, (2018) which shows that the Profit Sharing Ratio has a positive effect on the financial performance of Islamic banking in Indonesia. In this study companies, especially Islamic commercial banks, can increase the level of mudharabah and musyarakah financing so that their profitability automatically increases.

The last research variable is EDR. In this variable, it was found that the EDR probability value was smaller than the alpha value (0.0260 <0.05) so it was decided that EDR had a significant effect on Profitability as a proxy for ROA. Because the company, in this case, the Islamic commercial bank, has succeeded in balancing profits and being able to allocate its capital optimally. This research supports research conducted by Rahmatullah et al., (2020) which shows that the Equitable Distribution Ratio (EDR) has a significant positive effect on the Profitability of Islamic commercial banks in Indonesia. Because the company that is the subject of research can manage and allocate capital well and optimally and can distribute income. So, this can increase the level of company profitability.

4. CLOSING

This study concludes that the company's performance in this case is an Islamic commercial bank not only seen through its finances but also through the performance of its human resources. If the company does not have adequate and reliable human resources, it will cause a decrease in the value of the company. Therefore, companies must improve the performance of their employees by carrying out training or training so that these employees become more knowledgeable and skilled in carrying out their duties.

The results of this study indicate that Islamic commercial banks have experienced quite rapid development. This is evidenced by the increasing profit value generated by these Islamic commercial banks in the 2021-2022 period. The company is expected to be able to maintain or even increase the company's profits in the future so that it can grow and its business is also unbeatable with other banks.

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