

Research Article

The Influence of Zakat on Financial Performance (SCnP Model) with Islamic Corporate Social Responsibility as a Moderating Variable

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ORCIDIlma Amelia: <https://orcid.org/0000-0001-6674-2785>**Abstract.**

Islamic banking is a financial institution that has a noble mission and goals. In addition to seeking profits, Islamic banks also pay attention to social aspects. This study aims to examine the effect of Zakat on Financial Performance (SCnP Model) with Islamic Corporate Social Responsibility as a Moderating Variable. This research uses a type of quantitative research with an associative approach. The population of this study is Islamic Commercial Banks registered with the Financial Services Authority (OJK) for the 2018- 2022 period. The sampling technique used purposive sampling to obtain 7 Islamic Commercial Banks. The data processed is secondary data obtained from annual reports published through the official website of each bank for 2018-2022. The data analysis technique used is multiple regression analysis with the help of the Eviews-10 software program. The results showed that Zakat has a positive and significant effect on Financial Performance (Sharia Conformity), Zakat has a negative and significant effect on Financial Performance (Profitability), Islamic Corporate Social Responsibility can moderate the effect of zakat on Financial Performance (Sharia Conformity) and Islamic Corporate Social Responsibility is not able to moderate the influence of zakat on Financial Performance (Profitability).

Keywords: Zakat, Financial Performance (SCnP Model), Islamic Corporate Social Responsibility

1. Introduction

The Islamic economy is currently an interesting issue to discuss. Indonesia is a country with a majority Muslim population, and for this reason, Indonesia deserves to be a very potential market in the development of Islamic finance. One of the Sharia financial institutions that have developed is Sharia banking. Sharia banking is currently developing very rapidly, this can be seen from Indonesia's status as the largest Muslim country in the world so banks that use Islamic law and principles are more desirable [1]. In the last two decades, Islamic banking has experienced good development. With the development of Islamic banking in Indonesia and the emergence of Law Number 21 of

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2008 as a regulation that directly encourages the acceleration of Islamic banking growth in the country, the existence of Islamic banking is getting stronger among Indonesian people [2].

In the structure of Islamic banking based on its activities, one of them is an Islamic Commercial Bank (BUS). Sharia Commercial Banks (BUS) in Indonesia are always growing rapidly as can be seen from the number of assets each year as well as the number of participating banks which can be proven by data obtained from the statistics of the Financial Services Authority (OJK) in the 2018-2022 period where the data is as follows:

TABLE 1: Development of Islamic Commercial Banks for the 2018-2022 Period.

Sharia Commercial bank					
	2018	2019	2020	2021	2022
	IDR (Trillion)				
Total Asset	316,691	350,364	397,073	441,789	531,860
Total BUS	14	14	14	12	13

Source: Statistik OJK, 2022

Based on the table above, the total assets of Islamic Commercial Banks (BUS) have increased every year and the number of banks has increased to 13 banks in 2022. Total assets have increased every year, initially in 2018 IDR. 316.691 trillion continues to increase until 2022 total assets amount to IDR. 531.860 Trillion. Meanwhile, the number of banks in 2021 will undergo a merger so that there will be 12 Islamic Commercial Banks and in 2022 it will increase to 13 Islamic Commercial Banks. This shows that Islamic banking is increasingly popular as a financial institution that is convincing and trustworthy. The greater total assets and the increasing number of banks have a positive impact on the development of Islamic banking in Indonesia. The development of Islamic banking is an interesting phenomenon, as can be seen from the number of Islamic banks in Indonesia which is increasing from year to year. The increase in Islamic commercial banks in Indonesia shows the potential for Islamic banking in Indonesia is very positive and will certainly increase the amount of corporate zakat obligations. In addition, the development of Islamic banks in Indonesia has also encouraged the birth of an ethic of disclosure of social responsibility where the industrial revolution can hurt environmental developments and social order [3].

Zakat is a taboo aspect (corporate social aspect) which is an obligation that must be carried out by companies to create a balance in carrying out their business activities. Zakat is a form of corporate concern for social interests. Zakat as a social aspect of the company is expected to be able to prosper the company itself and other parties

because it will improve the company's image in the eyes of the community [4]. Zakat can also be used as a motivator to gain profits so that it can be used as a driving factor to gain profits the greater one. Therefore, zakat that is paid, managed, and distributed will be a positive signal in the eyes of the community so that it helps companies gain sympathy from the community. Companies that pay zakat give a signal that the company is a company that is transparent in every activity. Positive appreciation from stakeholders will create stakeholder concern so that stakeholders will be loyal and provide protection for the company. Stakeholder concern will create operational efficiency for the company, and increase company profitability [5].

The application of ICSR (Islamic Corporate Social Responsibility) can also have a positive influence and manifest benefits for company performance. Strategic Management Expert mentions the company's profit when carrying out ICSR (Islamic Corporate Social Responsibility) practices. First, the company's performance is increasing. Second, increased responsibility and received positive appreciation from investors, creditors, suppliers, consumers, government, and society. Third, as a social investment which is a source of competitive quality. Fourth, the company's reputation, goodwill, corporate branding, and company value have increased. Fifth, social liability decreases and the intensity of the environmental community is valued and cared for by companies [6].

ICSR is so important for Islamic banks to be able to find out whether each of their activities is by Sharia principles which can be seen in the form of disclosures contained in their annual reports which are used to provide information to stakeholders so that they can find out about social responsibility activities carried out by Islamic banks. With the existence of ICSR, it is hoped that Islamic banks can provide more informative disclosures to produce better performance. Investor confidence will also increase if with these activities, the company has the potential to generate greater profits compared to companies that do not carry out socially responsible activities [7].

Zakat and ICSR are two interrelated things because ICSR it will reveal zakat funds that are managed and utilized by companies for CSR activities. Corporate Zakat distributed as a form of ICSR will be used as a signal or promotional tool to attract sympathy and support from shareholders and companies that carry out Corporate Social Responsibility (CSR) activities will indirectly get reciprocity, which was initially in the form of an image (good name) from the point of view of From the point of view of the community, the community will then have more trust in the party issuing the Corporate Social Responsibility (CSR).

The problem of zakat in Islamic banking is in tune with the problem of ICSR funds in the banking sector. The same problem lies in the large number of funds that have not

been realized in the form of a real business so that the public or customers do not feel that banking also has functions and responsibilities. Therefore, it is necessary to carry out improvements, evaluations, and innovations to increase customer trust and prove that Islamic banks are not only business-oriented but also socially responsible which will later influence the image and improve company performance [8].

In assessing a bank's financial performance, some indicators reflect the bank's financial performance in carrying out its activities. Measurement of banking financial performance is very important because performance measurement is an illustration of the achievements that have been made in its operational activities with these measurements it can be known the health condition of a bank. However, after more than a quarter of a century, Islamic banking in Indonesia still does not have its performance measurement instruments and still applies orthodox measurement instruments that are limited to measuring financial ratios [1].

The current performance measurement of Islamic banking is no different from conventional banking performance measurement. Conventional banking performance appraisal tends to prioritize profits and override the achievement of obligations in fulfilling social aspects. Whereas Islamic Commercial Banks in carrying out their duties and functions are not only required to seek profit, but must always carry out sharia principles to seek blessings in the world and the hereafter [9]. Therefore, the Selection of Sharia Conformity and Profitability (SCNP) in this study is based on the opinion of Wardiyono et al. [10] that Islamic banking performance measurement should be carried out using measuring instruments that show the Islamic side of Islamic banks, but do not ignore the conventional side in this case profitability, because Islamic banks are also business institutions whose goal is to make a profit. The Sharia Conformity and Profitability (SCnP) model is a combination of conventional and sharia indicators.

The magnitude of the influence of zakat on company performance will change along with the implementation of ICSR in the company. Zakat as part of ICSR which has a strong legal basis in Islam will have a positive impact on company performance. the greater the zakat paid by the company or the better the application of ICSR by the company, the greater the company's performance in generating profits. Paying zakat shows that the company is an entity that complies with Islamic sharia, and implementing ICSR shows that the company is an entity that cares about the environment. The image that is formed through compliance with Islamic sharia in paying zakat will also be influenced by the image of generosity through ICSR which is voluntary in the eyes of stakeholders and the community will increase [10].

Based on the description that has been described above, the researcher wants to examine how much influence banking zakat and ICSR have on the performance of Islamic commercial banks because zakat and ICSR will bring goodness in the form of image and have an impact on the performance of Islamic commercial banks. The reason why Islamic Commercial Banks are used as research objects is because Islamic Commercial Banks carry out their business activities based on Sharia principles not only expecting profits, but Islamic Commercial Banks also pay attention to social functions that can be a driving force for the implementation of the obligatory zakat movement. for companies and future ICSR programs. Therefore, researchers are interested in studying more deeply the “Effect of Zakat and Financial Performance (SCnP Model) with Islamic Corporate Social Responsibility as a Moderating Variable for Islamic Commercial Banks in Indonesia for the 2018-2022 Period.

2. Theoretical Basis

2.1. Signalling Theory

Signaling theory or signaling theory is a theory put forward by Spence in 1973 stating that by giving a signal, the owner of the information tries to provide information that can be utilized by the recipient of the information. (Spence, 1973) Signaling theory in CSR disclosure explains how signals of success or failure of management (agent) must be submitted to the owner of capital (principal). Submission of these financial statements can be considered a significant signal about whether the company has disclosed its corporate CSR, where this activity will also benefit the company itself and the surrounding environment [11]. Zakat payment is also a signaling activity provided by the company which has a quality difference from other companies that do not pay zakat. Zakat that is paid, managed, and distributed will be a positive signal in the eyes of the community so that it helps companies gain sympathy from the community [5].

2.2. Stakeholder Theory

Stakeholder theory is a theory developed by Edward Freeman in 1984 which states that basically, this theory describes which party is responsible for the company. Stakeholder theory reinforces the concept that companies are not only responsible to shareholders but are accountable to stakeholders. CSR activities that are disclosed on an ongoing basis in annual reports or social reports can have a positive impact on company

survival by creating support from stakeholders. Stakeholder theory states that one of the company's responsibilities to stakeholders is to carry out social disclosure (CSR). Disclosure of social responsibility aims to show the public about the social activities carried out by the company and their impact on the company [12].

2.3. Company Zakat

Corporate zakat is zakat issued by a business that is managed as an official unit. Corporate zakat is also known as business zakat. Zakat must be issued by business owners who have reached Nishab and haul. (Munandar et al., 2019) Sharia banking as a corporate institution engaged in financial management always instills great concern for the condition of the social environment. From an Islamic point of view, the principle of social care is interpreted in the concepts of zakat, infaq and alms. Through recommendations for zakat, infaq and alms, Muslim communities are taught to instill social sensitivity. Internalization of the nature of social sensitivity will ultimately encourage the birth of individuals who always uphold the attitudes and behavior of mutual help, compassion, and empathy for one another [13].

2.4. Islamic Corporate Social Responsibility

Islamic Corporate Social Responsibility is an Islamic CSR concept developed from conventional CSR. Islamic CSR commonly called Islamic Corporate Social Responsibility (ICSR) is a concept of corporate social responsibility that has dimensions of Islamic economics, Islamic legal, Islamic ethics, and Islamic philanthropy based on Islamic values contained in the Koran and hadith [14]. ICSR according to AAOIFI (Accounting and Auditing Organizations for Islamic Financial Institutions) are all activities carried out by Islamic financial institutions to fulfill economic, legal, religious, and ethical interests, and directionary responsibilities as financial intermediary institutions, both for each institution and individual [15].

2.5. Financial Performance (SCnP Model)

Sharia conformity and profitability (SCnP) is a model for assessing financial performance in banking, especially Islamic banking. The SCnP model that will be used is the Islamic banking financial performance appraisal model conducted by Kuppusamy, Saleh, and Samudhram in 2010. This model combines its orientation on profitability indicators used

to assess conventional financial performance with orientation conformity index to the Sharia system to assess the socio-economic obligations of Sharia banks. Measurement using the SCnP model is meant to measure the willingness of a bank, but not to ignore the conventional side, this is because Islamic banks are also financial institutions, one of which is established to make a profit.

3. Research Methods

This research is research that uses a quantitative approach because the object under study is measurable and rational. The quantitative approach is a research method based on the philosophy of positivism which is used to examine populations or certain populations, collect using research instruments, analyzing quantitative or statistical data to test established hypotheses. The type of research based on the level of explanation is associative research. Associative research is research that aims to explain phenomena in the form of influences or relationships between two or more variables. With this research, a theory can be built that can function to explain, predict, and control a symptom [16].

The population taken in this study were 13 Islamic Commercial Banks registered with the Financial Services Authority (OJK) and published financial reports as of December 31 for the 2018 – 2022 financial year. The sampling technique in this study used a purposive sampling technique, namely a sampling technique based on suitability between the samples with certain considerations or criteria to obtain 7 Islamic Commercial Banks with a research period of 5 years so that the total sample of the study is 35.

Source of data in this study using secondary data (secondary data). The techniques used in collecting data to conduct this research are library research and field research. The instruments used in this study are the annual reports of Islamic Commercial Banks registered with the Financial Services Authority (OJK) in 2018-2022 which are published through the website www.ojk.go.id as the official website of the Financial Services Authority and the official website of Islamic Commercial Banks. related. This study used the panel data method, which is a combination of time series data and cross-sectional data using Eviews software version 10 and Microsoft Excel 2013.

4. Result and Discussion

Based on Table 2 of the descriptive statistical test above, it is known that the amount of data used in this study is 35. The independent variable (X), namely Zakat as measured using profit before tax x 2.5% has a mean value of 4168070216.43, a maximum value of 17646421175, a minimum value is 26717103, and a standard deviation value is 4886820880.89.

TABLE 2: Descriptive Statistic.

	ZKT	SC	P	ICSR	ZKT_ICSR
Mean	4168070216,43	0,82	0,25	0,74	3346898629,12
Maximum	17646421175	0,94	0,36	0,88	15070043683,45
Minimum	26717103	0,50	-0,02	0,33	13358551,50
Std. Delv.	4886820880,89	0,10	0,09	0,12	4123271428,59
N	35	35	35	35	35

Source: *Output Eviews, 2023*

Then the dependent variable (Y), namely Sharia Conformity (Y1), which is measured using the average of Islamic investment, Islamic income, and profit sharing has a mean value of 0.82, a maximum value of 0.94, a minimum value of 0.50, and a standard deviation value of 0.10 and Profitability (Y2) as measured using The average ROA, ROE, and NPM have a mean value of 0.25, a maximum value of 0.36, a minimum value of -0.02, and a standard deviation value of 0.09.

Furthermore, the moderating variable (Z), namely Islamic Corporate Social Responsibility (ICSR), which is measured using the ISR index with total disclosure of 48 items has a mean value of 0.74, a maximum value of 0.88, a minimum value of 0.33, and a standard value a deviation of 0.12 and the interaction variable (ZKT_ICSR) has a mean value of 3346898629.12, a maximum value of 15070043683.45, a minimum value of 13358551.50, and a standard deviation value of 4123271428.59.

4.1. Panel Data Regression Model Selection

The results of the Chow test in Figure ?? shows that the value of the probability cross-section F is less than 0.05 ($0.0000 < 0.05$), then H0 is rejected and H1 is accepted. Therefore, the most appropriate model to use is the Fixed Effect Model (FEM).

The results of the Chow test in Figure ?? show that the value of the probability cross-section F is greater than 0.05 ($0.1513 > 0.05$), then H0 is accepted and H1 is

TABLE 3:

Redundant Fixed Effects Tests			
Equation: Model_FEM			
Test cross-selection fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	18.426679	(6,25)	0.0000
Cross-selection Chi-square	59.168868	6	0.0000

Source: *Output Views*, 2023

TABLE 4:

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-selection fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.747620	(6,25)	0.1513
Cross-section Chi-square	12.258907	6	0.5641

rejected. Therefore, the most appropriate model to use is the Common Effect Model (CEM).

TABLE 5: Multicollinearity Test Result Y1 Sharia Conformity.

Lagrangian Multiplier Tests for Random Effects			
Null hypotheses: No effects			
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatively			
Test Hypothesis			
	Cross-section	Time	Both
Breusch-Pagan	0.021180	0.019906	0.041086
	(0.8843)	(0.8878)	(0.8394)

Source: *Output Views*, 2023

4.2. The results of the LM test in Figure ?? show that the value of the probability cross-section F is greater than 0.05 (0.8843 > 0.05), then H0 is accepted and H1 is rejected. Therefore, the most appropriate model to use is the Common Effect Model (CEM). Based on the results of the Chow Test and LM Test above, the best model in this research on equation 2 is the Common Effect Model (CEM)

4.3. Classic Assumption Test Multicollinearity Test

TABLE 6: Multicollinearity Test Result Y1 *Sharia Conformity*.

	ZKT	CSR	LOG(ZKT_ICSR)
ZKT	1.000000	0.456020	0.792044
CSR	0.456020	1.000000	0.697738
LOG(ZKT_CSR)	0.792044	0.697738	1.000000

Solurcel: *Output Eviews, 2023*

In this multicollinearity test, the ZKT_CSR variable is transformed into LOG form because the correlation coefficient value of ZKT and ZKT_CSR has a correlation coefficient > 0.85, so it can be concluded that it does not pass the multicollinearity test. So after the transformation, the value of the correlation coefficient between variables becomes <0.85. So it can be concluded that the independent variables are free from multicollinearity symptoms or pass the multicollinearity test.

TABLE 7: Multicollinearity Test Result Y2 *Profitabilitas*.

	ZKT	ICSR	LOIG(ZKT_ICSR)
ZKT	1.000000	0.454775	0.792044
ICSR	0.454775	1.000000	0.695252
LOIG(ZKT_ICSR)	0.792044	0.695252	1.000000

Source: *Output Eviews, 2023*

In this multicollinearity test, the ZKT_ICSR variable is transformed in LOG form because the ZKT correlation coefficient value with ZKT_ICSR has a correlation coefficient > 0.85, so it can be concluded that it does not pass the multicollinearity test. So that after the transformation, the value of the correlation coefficient between variables becomes <0.85. So it can be concluded that the independent variables are free from multicollinearity symptoms or pass the multicollinearity test.

4.4. Heteroscedasticity Test

Source : *Output Eviews, 2023* In this heteroscedasticity test, the ZKT variable is transformed in LOG form because the probability values of the ZKT and ZKT_ICSR variables are <0.05, so it can be said that the regression equation model has heteroscedasticity or does not pass the heteroscedasticity test. So that after the transformation, the Prob. Chi-Square value of the Glejser heteroscedasticity test for all

TABLE 8: Heteroskedasticity Test Result Y1 *Sharia Conformity*.

Variable	Coefficient	Std. Error	t-Statistic	Probl.
C	0.469498	0.266018	1.764915	0.0898
LOG(ZKT)	-0.264586	0.161710	-1.636178	0.1143
CSR	-0.536169	0.284690	-1.883345	0.0713
LOG(ZKT_CSR)	0.266498	0.163185	1.633104	0.1150

variables > 0.05, it can be said that the regression equation model does not experience heteroscedasticity or pass the heteroscedasticity test.

TABLE 9: Heteroskedasticity Test Result Y2 *Profitability*.

Variable	Coefficient	Std. Error	t-Statistic	Probl.
C	0.296408	0.198150	1.495878	0.1448
LOG(ZKT)	-0.017894	0.129864	-0.137792	0.8913
CSR	0.059786	0.216958	0.275564	0.7847
LOG(ZKT_CSR)	0.003235	0.130182	0.024850	0.9803

Source: *Output Eviews, 2023*

In this heteroscedasticity test, the ZKT variable is transformed in LOG form because the probability values of the ZKT and ZKT_ICSR variables are <0.05, so it can be said that the regression equation model has heteroscedasticity or does not pass the heteroscedasticity test. So that after the transformation, the Prob. Chi-Square value of the Glejser heteroscedasticity test for all variables > 0.05, it can be said that the regression equation model does not experience heteroscedasticity or pass the heteroscedasticity test.

Source: *Output Eviews, 2023* Based on table 7, the results of the t-test show that financial performance proxied by Sharia Conformity (SC) has a probability value of 0.0265 with a coefficient value of 0.702511. The probability value is smaller than 0.05. So it can be concluded that zakat has a positive and significant effect on financial performance (sharia conformity). The alternative hypothesis H1, namely that zakat has a significant influence on financial performance (sharia conformity), can be accepted. Then, the financial performance proxied by Sharia Conformity (SC) has a probability value of 0.0330 with a coefficient value of -0.678544. The probability value is smaller than 0.05. So it can be concluded that Islamic corporate social responsibility can moderate zakat on Sharia conformity financial performance. The alternative hypothesis H2 is that Islamic corporate social responsibility can moderate zakat on Sharia conformity financial performance which is acceptable.

TABLE 10: Regression Panel Data Regression Result Equation 1.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.060132	0.490165	-2.162804	0.0403
LOG(ZKT)	0.702511	0.297967	2.357680	0.0265
CSR	1.557906	0.524571	2.969870	0.0065
LOG(ZKT_CSR)	-0.678544	0.300685	-2.256661	0.0330
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.847460	Mean dependent var		0.818830
Adjusted R-squared	0.792545	S.D. dependent var		0.098600
S.E. of regression	0.044910	Akaike info criterion		-3.133370
Sum squared resid	0.050422	Schwarz criterion		-2.688984
Ln likelihood	64.83397	Hannan-Quinn criterion.		-2.979968
F-statistic	15.43237	Durbin-Watson stat		2.067832
Prob(F-statistic)	0.000000			

Based on the results of the f test in Table 7, the F-statistic value is 15.43237 with a probability value of 0.000000. The probability value is greater than 0.05. So it can be concluded that simultaneously the independent variables and the variables moderated by Islamic corporate social responsibility have a significant effect on financial performance (Sharia conformity). Based on the results of the panel data regression with the Fixed Effect model in Table 7, the Adjusted R Square value is 0.792545 or 79.25%. This value indicates that the independent variables consisting of zakat, Islamic corporate social responsibility, and interaction, can explain the variable of sharia conformity by 79.25%, while the remaining 20.74% is explained by other variables not included in this research model

Based on table 8, the results of the t-test show that financial performance proxied by profitability (P) has a probability value of 0.5764 with a coefficient value of 0.281633. The probability value is greater than 0.05. So it can be concluded that zakat has no significant effect on financial performance (profitability). The alternative hypothesis H3, namely that zakat has a significant effect on financial performance (profitability), is unacceptable. Financial performance proxied by profitability (P) has a probability value of 0.6347 with a coefficient value of 0.479908. The probability value is greater than 0.05. So it can be concluded that Islamic corporate social responsibility is not able to moderate zakat on financial performance (profitability). The H4 alternative hypothesis, namely Islamic corporate social responsibility can moderate zakat on financial performance (profitability) is unacceptable.

TABLE 11: Regression Panel Data Regression Result Equation.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.811150	0.761083	-1.065783	0.2948
LOIG(ZKT)	0.281633	0.498801	0.564620	0.5764
ICSR	0.132474	0.833324	0.158971	0.8747
LOIG(ZKT_ICSR)	-0.239965	0.500024	-0.479908	0.6347
R-squared	0.321406	Mean dependent var		0.250571
Adjusted R-squared	0.255736	S.D. dependent var		0.093304
S.E. of regression	0.080494	Akaike info criterion		-2.094067
Sum squared resid	0.200856	Schwarz criterion		-1.916313
Lolg likelihood	40.64617	Hannan-Quinn criteria.		-2.032706
F-statistic	4.894236	Durbin-Watson stat		1.707289
Prob(F-statistic)	0.006714			

Source: *Output Views*, 2023

Based on the results of the f test in Table 8, the F-statistic value is 4.894236 with a probability value of 0.006714. The probability value is smaller than 0.05. So it can be concluded that simultaneously the independent variables and the variables moderated by Islamic corporate social responsibility have a significant effect on financial performance (profitability). Based on the results of panel data regression with the Fixed Effect model in Table 8, it is obtained that the Adjusted R Square value is 0.255736 or 25.57%.

The coefficient of determination shows that the independent variables consisting of zakat, Islamic corporate social responsibility, and interactions, can explain the profitability variable of 25.57%, while the remaining 74.43% is explained by other variables not included in this research model.

4.5. Discussion

4.5.1. The Influence of Zakat on Financial Performance (Sharia Conformity) in Islamic Commercial Banks for the 2018-2022 Period

The results showed that the zakat variable has a t-count value of 2.357680 > the t-table value of 2.03951 and a coefficient value of 0.702511 with a probability value of 0.0265 where the value is <0.05, then H1 is accepted. The results of the study show that zakat has a positive and significant effect on sharia conformity in Islamic commercial banks in Indonesia. The positive influence shown by zakat indicates that the implementation

of sharia conformity in Islamic banks depends on the zakat distribution. Viewed from the aspect of conformity, Islamic banks have sharia principles that must be fulfilled to maintain public/stakeholder trust in banks, meaning that these Islamic banks can continue to develop financially and at the same time their business practices still have conformity to legal principles and sharia banking. so that it can be a consideration for investors and other stakeholders to invest in Islamic banks.

Thus, Islamic commercial banks that distribute zakat are companies that have the quality of zakat information or adherence to Islamic principles which can be said to be better than competitors. As was done by the BCA Syariah Bank in 2022 in collaboration with BAZNAS which is a trusted institution and has good credibility. Zakat funds channeled by the BCA Syariah bank through BAZNAS are then channeled to encourage business economic revival. Zakat funds issued by Islamic commercial banks are a signal that these Islamic commercial banks are banks that are transparent in all their activities and conform to Sharia principles [17].

The results of this study are also in line with research conducted by Nurjannah et al. [18] stated that sharia compliance which is proxied by zakat has a positive effect on maqashid sharia financial performance. However, these results are in contrast to research conducted by Depiana [19] who stated in his research that zakat has no significant effect on company performance based on the Islamicity performance index and Zhalsa [20] stated that the zakat performance ratio does not affect the maqashid syariah index because the distribution of zakat is still low.

4.5.2. The Influence of Zakat on Financial Performance (Profitability) in Islamic Commercial Banks for the 2018-2022 Period

The results showed that the zakat variable has a t-count value of 0.564620 < the t-table value of 2.03951 and a coefficient value of 0.281633 with a probability value of 0.5764 where the value is > 0.05, then H2 is rejected. The results of the study state that zakat has a negative and significant effect on profitability in Islamic commercial banks in Indonesia. This means that the increase in zakat paid by

companies is due to increased company profitability, conversely, if the zakat paid decreases, then profitability decreases.

If seen the results state that zakat does not affect financial performance as measured by profitability. The amount of zakat issued by Islamic commercial banks is still very minimal in other words Islamic public banks do not issue all sources of zakat funds to be distributed to people who are entitled to receive zakat. The funds used are

mostly dominated by zakat from outside banking entities, namely employees and customers. For example, in 2020 the BCA Syariah bank distributes zakat from customers to BAZNAS. Apart from that, in 2023 Bank Aceh Syariah will distribute zakat for management and employees to Baitul Mal Aceh.

The results of this study are also in contrast to research conducted [21][22][23] who stated in their research that zakat has a positive and significant effect on company performance and [15][24] stated in their research that zakat affects financial performance, but in line with the research of Mery Yusika Andani [25] which states that partially zakat does not affect financial performance. This is because the realized zakat distributed is smaller than the potential zakat received by BAZNAS and LAZNAS managers, people prefer to distribute their zakat directly to muzakki.

4.5.3. Islamic Corporate Social Responsibility Moderates the Effect of Zakat on Financial Performance (Sharia Conformity) in Islamic Commercial Banks for the 2018-2022 Period

The results showed that the interaction variable (ZKT_ICSR) had a t-count of 2.256661 > the t-table value of 2.03951 and a coefficient value of -0.678544 with a probability value of 0.0330 where the value was <0.05, then H3 was accepted. The results of the study show that Islamic corporate social responsibility can moderate zakat on sharia conformity at Islamic commercial banks in Indonesia. Islamic banks must conform to Sharia principles because conformity to Sharia is at the core of the integrity and credibility of Sharia banks, so the obligation to implement Sharia compliance must be carried out thoroughly (*kaffah*) and consistently which will encourage stakeholder confidence

Distributing zakat shows that the company is an entity that complies with Islamic sharia, applying ICSR shows that the company is an entity that cares about the environment. The image formed through the conformity of Islamic sharia in paying zakat will also be influenced by the image of generosity through voluntary ICSR in the eyes of stakeholders and the public will increase [10]. The form of implementation of Islamic commercial banks in channeling ICSR funds is like what the BJB Syariah bank did in 2022 channeling CSR funds to help Cianjur earthquake victims. Then Bank Muamalat 2020 distributed CSR funds by focusing on the COVID-19 pandemic in the form of donations of medical equipment and manufacturing products that support health workers so Bank Muamalat won the 2020 TOP CSR Awards at the 2020 TOP CSR Awards event organized by Top Business Magazine on 29 July 2020. This means

that if the implementation of ICSR increases, the distribution of zakat funds will also increase which shows that Islamic commercial banks are business entities that do not only seek profit but in their business practices still pay attention to sharia conformity (sharia conformity) and can encourage positive appreciation from stakeholders so that can increase stakeholder trust [17].

4.5.4. Islamic Corporate Social Responsibility Moderates the Effect of Zakat on Financial Performance (Profitability) in Islamic Commercial Banks for the 2018-2022 Period

The results showed that the interaction variable (ZKT_ICSR) had a t-count value of $0.479908 < \text{the t-table value of } 2.03951$ and a coefficient value of -0.239965 with a probability value of 0.6347 where the value was > 0.05 , then H3 was rejected. The results of the study show that Islamic corporate social responsibility is not able to moderate zakat on financial performance (profitability) in Islamic commercial banks in Indonesia. This is because the magnitude of the influence of zakat on profitability will change along with the implementation of ICSR in the company. The higher the ICSR implementation cannot be used as a benchmark for investors or stakeholders to invest the lower the profitability generated and the lower the zakat paid by Islamic commercial banks [10].

Companies that have good Islamic Corporate Social Responsibility can strengthen the relationship between profitability and zakat, because if the Islamic Corporate Social Responsibility index is good, the assessment of internal and external parties of a company is also good and can generate trust in the company. However, there are still Islamic banks implementing ICSR in a closed and non-transparent manner as happened to the Kutacane Branch Aceh Syariah Bank in 2021 where the distribution of CSR funds for community development partnerships around the community each year is unclear and closed. The Kutacane Branch Aceh Syariah Bank should pay attention to the environment foster good relations and help community businesses.

The results of this study are in line with research conducted by Wardani et al [23] in his research which stated that Islamic social reporting cannot moderate the effect of profitability on corporate zakat. However, contrary to the research conducted by Wardwiyono, et al [10], in their research it was stated that Islamic corporate social responsibility can moderate the effect of zakat on BUS performance as measured by ROA. This is because ICSR will help in increasing the company's profits in the short term.

5. CONCLUSION

5.1. Conclusion

Based on the results of the testing and analysis that has been carried out regarding the effect of zakat on financial performance (ScnP model) with Islamic corporate social responsibility as a moderating variable, it can be concluded that zakat has a positive and significant effect on financial performance (sharia conformity) of Islamic commercial banks in Indonesia in 2018- 2022 with a probability value of 0.0265. Zakat has a negative and significant effect on the financial performance (profitability) of Islamic commercial banks in Indonesia for the 2018-2022 period with a probability value of 0.5764. Islamic corporate social responsibility can moderate the influence of zakat on the financial performance (sharia conformity) of Islamic commercial banks in Indonesia for the 2018-2022 period with a probability value of 0.0330. Islamic corporate social responsibility is not able to moderate the effect of zakat on the financial performance (profitability) of Islamic commercial banks in Indonesia for the 2018-2022 period with a probability value of 0.6347.

6. Recommendation

Based on the conclusions that have been described, the researcher tries to put forward some recommendations that might be useful including:

1. For the Banking Industry. Based on the Annual Report, it is hoped that in the future all ISR items will be disclosed, and for BUS that have fulfilled the nisab requirements to pay out zakat, they are obliged to pay zakat in accordance with the provisions of Islamic law.
2. For the Community / Stakeholders. It is hoped that this research can provide information related to the level of disclosure of corporate ICSR and zakat which can influence stakeholder decision-making by choosing companies that have high levels of corporate ICSR and zakat because this indicates that the company has managed the company well and according to sharia.
3. For Academic. For future researchers, it is hoped that this research can be used as reference material to carry out research updates by modifying and adding other variables. And it is hoped that it will also expand the range of research objects

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