

THE EFFECT OF GOOD CORPORATE GOVERNANCE ON CORPORATE ZAKAT WITH PROFITABILITY AS AN INTERVENING VARIABLE (EMPIRICAL STUDY ON ISLAMIC COMMERCIAL BANKS IN INDONESIA FOR THE 2020-2024 PERIOD)

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Abstrak

This study aims to examine the effect of Good Corporate Governance on corporate zakat with profitability as an intervening variable at Islamic Commercial Banks in Indonesia during the period 2020-2024. This study uses a quantitative approach with the path analysis method processed using WarpPLS 6.0 software. The sample was selected through purposive sampling method of three banks that consistently reported their corporate zakat. The results showed that Good Corporate Governance has a significant negative effect on profitability, but has no significant effect on corporate zakat. On the other hand, profitability has a significant positive effect on corporate zakat. In addition, Good Corporate Governance is also proven to have an indirect effect on corporate zakat through profitability as a mediating variable. These findings indicate that the implementation of good corporate governance must be supported by improved financial performance so that social obligations such as zakat can be realized optimally.

Keywords: *Good Corporate Governance; Profitability; Corporate Zakat; Islamic Commercial Bank.*

INTRODUCTION

The growth of the Islamic economy in Indonesia shows a positive trend. Companies that carry out operations based on Islamic sharia principles, such as Islamic Financial Institutions including Islamic Commercial Banks, are required to implement the values of accountability, transparency, and social responsibility (Septiawan & Bahri, 2019). As an institution based on sharia principles, Islamic commercial banks have social responsibilities that include the obligation to allocate corporate zakat. Zakat expenditure is an important indicator in measuring the level of bank compliance with sharia principles (Oktavia, 2024)

Corporate zakat is not only a spiritual obligation, but also an instrument of wealth distribution and community welfare. In the context of Islamic commercial banks, zakat reflects the level of compliance with sharia governance principles. However, in reality

there are still Islamic commercial banks that have not consistently realized their zakat obligations. This phenomenon can be an indication that the practice of Good Corporate Governance has not been implemented optimally (Firmansyah & Rusydiana, 2013).

Based on data from the last five years, only a few Islamic commercial banks such as Bank Muamalat Indonesia, Bank Mega Syariah, and Bank Panin Dubai Syariah have consistently paid corporate zakat. The following is data on corporate zakat at banks that have been registered as Islamic Commercial Banks in Indonesia, and their annual financial statements can be accessed in the last 5 years.

Table 1 data on corporate zakat in banks that have been registered as Islamic Commercial Banks in Indonesia in the last 5 years

Bank Name	2020	2021	2022	2023	2024
PT. BPD Nusa Tenggara Barat Syariah	-	-	-	7,2 billion	7,3 billion
PT. Bank Muamalat Indonesia, Tbk	408,1 million	250,4 million	223,1 million	664,5 million	332,3 million
PT. Bank Victoria Syariah	-	-	-	-	-
PT. Bank Jabar Banten Syariah	-	-	-	-	-
PT. Bank Mega Syariah	4,3 billion	17,6 billion	8,7 billion	7,8 billion	8,2 billion
PT. Bank Panin Dubai Syariah, Tbk	168,4 million	-	6,3 billion	6,3 billion	2,6 billion
PT. Bank Syariah Bukopin	-	-	-	-	-
PT. BCA Syariah	-	-	-	-	-
PT. Bank Tabungan Pensiunan Nasional Syariah, Tbk	-	-	-	-	-

Source: Processed from Sharia Banking Statistics - OJK

Fluctuations in zakat payments from year to year and the fact that corporate zakat has not yet been implemented indicate that there are external and internal factors that affect compliance, including the impact of the COVID-19 pandemic. In general, Islamic commercial banks should be institutions that apply sharia principles as a whole by not only prioritizing business aspects but also applying social aspects.

Good Corporate Governance is a principle of corporate management that emphasizes transparency, accountability, responsibility, professionalism, and fairness (Hasanah & Budiman, 2022). In the Islamic banking industry, the implementation of sharia good governance must refer to sharia principles (PBI Number 11/33 of 2009). A good sharia good governance structure is believed to be able to improve the company's reputation, strengthen public trust, and encourage compliance with the implementation of zakat transparently and on target (Oktavia, 2024).

In addition to corporate governance, profitability also plays an important role in determining the ability of Islamic commercial banks to fulfill zakat obligations. Profitability reflects the effectiveness of resource management in generating profits and is a key indicator in determining the potential allocation of funds for social activities, including zakat (Hasanah & Budiman, 2022). Ratios such as Return on Assets and Return on Equity are used to measure financial performance which is directly related to the ability to pay zakat (Andriani & Sari, 2021).

This study aims to examine the effect of Good Corporate Governance on corporate zakat with profitability as an intervening variable, at Islamic Commercial Banks in Indonesia during the period 2020-2024. This research is expected to make a theoretical contribution by presenting an integrative model that connects sharia governance, financial performance, and social compliance in the form of zakat. From the practical side, the results of this study can be a reference for Islamic banking management, regulators, and the Sharia Supervisory Board in evaluating the implementation of sharia good governance and profitability improvement strategies to support the fulfillment of corporate zakat obligations.

METHODS

The method used in the research uses a quantitative approach with descriptive analysis methods. The quantitative method aims to test the cause-and-effect relationship between variables through numerical data processed statistically (Sugiyono, 2013). This research model examines the relationship between Good Corporate Governance as an independent variable (X), Profitability as an intervening variable (Z), and Corporate Zakat as a dependent variable (Y). The relationship between variables is described through a path model, which is analyzed using WarpPLS 6.0 software as a path analysis approach that has been developed from linear regression (Sugiyono, 2017). The variables proposed in this study are Good Corporate Governance as an independent variable where measurement uses the Corporate Governance Perception Index based on four stages of assessment: self-assessment (15%), document collection (20%), paper preparation and presentation (14%), and field observation (51%). Profitability will act as an intervening variable measured by the Return on Assets ratio. Corporate Zakat will be the dependent variable calculated based on the formula set by the National Amil Zakat Agency of the Republic of Indonesia, namely: $(\text{Zakat assets} - \text{liabilities and obligations}) \times 2.5\%$, with a nisab equivalent to 85 grams of pure gold, distributed according to share ownership". The objects in this study are 3 Islamic commercial banks, namely, PT Bank Muamalat Indonesia Tbk, PT Bank Mega Syariah, and PT Bank Panin Dubai Syariah, Tbk. The data used is obtained from the Annual Financial Report of the Islamic Bank Good Corporate Governance report for the period 2020-2024.

RESULTS AND DISCUSSIONS

Analisis Model Fit

The results of model testing using WarpPLS 6.0 show that all indicators of model fit meet the specified criteria. The Average Path Coefficient value of 0.515 ($p = 0.003$), Average R-squared of 0.624 ($p < 0.001$), and Average adjusted R-squared of 0.595 ($p < 0.001$) all indicate model fit. The Tenenhaus GoF value of 0.790 indicates that the model's explanatory power is in the large category. The results of model fit testing can be seen in the following table:

Table 2 Model Fit Analysis

Description	Value	Terms	Sig.	Conclusion
Average path coefficient (APC)	0.515	< 0,05	0.003	Fit
Average R-squared (ARS)	0.624	< 0,05	<0.001	Fit
Average adjusted R-squared (AARS)	0.595	< 0,05	<0.001	Fit
Average block VIF (AVIF)	1.788	< 5	-	Fit
Average full collinearity VIF (AFVIF)	2.213	< 5	-	Fit
Tenenhaus GoF (GoF)	0.790	> 0,1	-	Fit
Sympson's paradoks ratio (SPR)	1.000	> 0,7	-	Fit
R-squared contribution ratio (RSCR)	1.000	> 0,9	-	Fit
Statistical suppression ratio (SSR)	1.000	> 0,7	-	Fit
Nonlinear bivariate causality direction ratio (NLBCDR)	1.000	> 0,7	-	Fit

Source: WarpPLS 6.0 results (data processed in 2025)

Evaluation of Measurement Model (Outer Model)

The outer model evaluation shows that all indicators are significant (<0.001) and there is no multicollinearity problem ($VIF < 2.5$). The results of the outer model evaluation can be seen in the following table:

Tabel 3 Outer Model Evaluation

Variable	Indicator	Loadings	P-Value	Inf.	Weight	VIF	Sig. Test
GCG	x.y	0.000	<0.001	Valid	1	0.000	Sig.
	x.z	0.000	<0.001	Valid	1	0.000	Sig.

Corporate Zakat	y.x	0.000	<0.001	Valid	1	0.000	Sig.
	y.z	0.000	<0.001	Valid	1	0.000	Sig.
Profitability	z.x	0.000	<0.001	Valid	1	0.000	Sig.
	z.y	0.000	<0.001	Valid	1	0.000	Sig.

Source: WarpPLS 6.0 results (data processed in 2025)

Inner Model Evaluation

Evaluation of the inner model shows an R-squared value of 0.260 for Profitability and 0.989 for Corporate Zakat. This means that 98.9% of the variation in corporate zakat is explained by Good Corporate Governance and Profitability. This result confirms that the model structure used is very feasible in explaining the relationship between variables. The results of the inner model evaluation can be seen in the following table:

Table 4 Inner Model Evaluation

	GCG	Profitabilit y	Corporate Zakat
R-Squared		0.260	0.989
Adj. R-Squared		0.203	0.987
Composite Reliab.	1.000	1.000	1.000
Cronbach' Alpha	1.000	1.000	1.000
Avg. Var. Extrac.	1.000	1.000	1.000
Full Collin.VIF	1.664	2.058	2.918
Q-Squared		0.260	0.977

Source: WarpPLS 6.0 results (data processed in 2025)

Hypothesis Test

1. Good Corporate Governance on Profitability

The test results show that Good Corporate Governance has a significant negative effect on Profitability with a coefficient of -0.510 and p-value 0.007. This means that every increase in the Islamic good governance score is associated with a 51% decrease in profitability. Although this result is significant, the negative direction can be interpreted that efforts to improve governance that are too formal or bureaucratic can hinder the bank's operational flexibility in generating optimal profits. Practically speaking, this indicates the need to balance between compliance with GCG principles and

managerial efficiency, so that the application of GCG principles does not reduce the company's ability to generate profits.

2. Good Corporate Governance on Corporate Zakat

The test results show that Good Corporate Governance has no significant effect on Corporate Zakat with a coefficient of -0.133 and a p-value of 0.291. Although the direction of the effect is negative, the magnitude of the effect is very small and statistically insignificant. This means that the improvement of governance does not necessarily encourage an increase in compliance with zakat payments. This suggests that the corporate zakat mechanism may not be fully regulated or driven by the GCG system, but rather determined by internal policies or spiritual values of shareholders and management. Therefore, strengthening internal systems and sharia supervision is needed to ensure the full integration of sharia principles in GCG practices.

3. Profitability on Corporate Zakat

The test results show that Profitability has a positive and significant effect on Corporate Zakat with a path coefficient of 0.901 and p-value <0.001. This means that an increase in profitability directly impacts the increase in zakat paid by the company. This is in line with the basic principle of zakat, which is calculated based on net profit. Companies with high profits have a greater ability to fulfill zakat obligations. In this context, profitability becomes the main key in the realization of corporate zakat and should be the main concern in the managerial strategy of Islamic banking. The results of direct hypothesis testing can be seen in the following table:

Independent Variable	Dependen Variable	Path Coef.	P- Value	Result
GCG (x)	Profitability (z)	-0.510	0.007	Significant
GCG (x)	Coporate Zakat (y)	-0.133	0.291	Insignificant
Profitability (z)	Coporate Zakat (y)	0.901	<0.001	Significant

Source: WarpPLS 6.0 results (data processed in 2025)

Furthermore, the results of testing indirect effects as a result of testing the direct effects between the variables studied. The test is related to Profitability (Z) as a mediating (intervening) variable from the direct effect between variables, namely the effect of Good Corporate Governance on Corporate Zakat. The mediation test shows that Profitability successfully mediates the relationship between Good Corporate Governance and Corporate Zakat, with an indirect path coefficient of -0.459 and a p-value of 0.002. This result is statistically significant and indicates that GCG affects zakat indirectly

through profitability. The interpretation of this result shows that good GCG implementation improves efficiency and control, but if it is not followed by an increase in profit, then social obligations such as zakat cannot be realized. Thus, GCG improvement should be focused not only on procedural compliance, but also on optimizing financial performance to encourage more consistent and significant zakat spending. In summary, the mediation test results are presented in the following table:

Tabel 6 Indirect Hypothesis Test

Independent Variable	Intervening Variable	Dependent Variable	Ind.Eff	P-Value	Result
GCG	Profitability	Corporate Zakat	-0.459	0.002	Mediated

Source: WarpPLS 6.0 results (data processed in 2025)

CONCLUSION

This study was conducted to determine the effect of Good Corporate Governance on corporate zakat with profitability as an intervening variable, using the measurement of the results of the Corporate Governance Perception Index assessment, using return on Asset to measure profitability, using data from 3 Islamic Commercial Banks in Indonesia for the period 2020-2024 as a research sample. The data was analyzed using descriptive quantitative methods using warpPLS 6.0. Based on the results and tests that have been carried out, the following conclusions can be drawn:

1. Good corporate governance has a significant negative effect on profitability, with a coefficient value of -0.510 and a P-value of 0.007. This may indicate that the measurement of good corporate governance is not optimal. When good corporate governance is measured by the Corporate Governance Perception Index.
2. Good corporate governance has no significant effect on Corporate Zakat, with a p-value of 0.291 (>0.005) indicating that the effect is not significant, meaning that statistically there is not enough evidence that there is a real effect. This shows that even though the company has good governance, it does not directly guarantee or encourage an increase in corporate zakat payments.
3. Profitability has a significant positive effect on Corporate Zakat, with a coefficient value of 0.901 and p-value <0.001 . The higher the level of company profitability, the greater the amount of zakat issued, in the calculation of corporate zakat, the amount of zakat is generally calculated based on the net profit earned.
4. Good corporate governance affects zakat indirectly through profitability, with an indirect path coefficient value of -0.459 and p-value of 0.002. This result is statistically significant and indicates that good corporate governance affects zakat indirectly

through profitability. The interpretation of this result shows that the implementation of good corporate governance improves efficiency and control, but if it is not followed by an increase in profits, then social obligations such as zakat cannot be realized.

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