

Partial Analysis of *Mudharabah* Financing on the Profitability of the Sharia Commercial Banks in Indonesia

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Abstract

In order to gain profits, sharia banks as the actors who collect and distribute the fund from and for the people are trying to improve the quality and quantity of their performance, and mudharabah is one of the financing akad in sharia banks. This study aimed to determine the effect of mudharabah financing on the profitability (ROA) at sharia commercial banks (BUS) in Indonesia. The populations in this study were all registered Sharia Commercial Banks in the central bank of Indonesia (BI) with a total of 14 banks. However, from this population, 9 banks were failed to complete the data. This study used a simple linear regression analysis method, the classical assumption test method, and statistical test. The conclusion drawn from the partial testing showed a significant effect with t_{observe} of 2.053. Since the value of $t_{\text{observe}} 2.053 > t_{\text{table}} 2.048$, it can be concluded that there was a significant effect of mudharabah financing on the Return on Assets (ROA).

Keywords: *Mudharabah; Return on Asset (ROA); Commercial Bank.*

Abstrak

Untuk memperoleh keuntungan, bank syariah sebagai pelaku yang menghimpun dan menyalurkan dana dari dan untuk masyarakat berusaha meningkatkan kualitas dan kuantitas kinerjanya, dan mudharabah merupakan salah satu akad pembiayaan di bank syariah. Penelitian ini bertujuan untuk mengetahui pengaruh pembiayaan mudharabah terhadap profitabilitas (ROA) pada bank umum syariah (BUS) di Indonesia. Populasi dalam penelitian ini adalah seluruh Bank Umum Syariah yang terdaftar di bank sentral Indonesia (BI) yang berjumlah 14 bank. Namun, dari populasi tersebut, 9 bank gagal melengkapi data. Penelitian ini menggunakan metode analisis regresi linier sederhana, metode uji asumsi klasik, dan uji statistik. Kesimpulan yang diperoleh dari pengujian secara parsial menunjukkan pengaruh yang signifikan dengan $t_{\text{observasi}}$ sebesar 2,053. Karena nilai $t_{\text{hitung}} 2,053 > t_{\text{tabel}} 2,048$ maka dapat disimpulkan bahwa terdapat pengaruh yang signifikan pembiayaan mudharabah terhadap Return on Assets (ROA).

Kata kunci: *Mudharabah; Pengembalian Aset (ROA); Bank komersil.*

INTRODUCTION

Indonesia is a rich country with abundant natural resources. With these natural resources, Indonesia has great potentials and chances to move forward from developing country to a developed country equals to its neighboring countries such as Singapore. Nevertheless, there are so many obstacles hindering the advancement of Indonesia, especially in terms of the economy or its financial condition which has always been serious problems. In this circumstance, banks serve as the financial intermediary of two parties, namely those

of the financially excessive and those of the financially deficient. This is stated in Indonesia Law No. 10 of 1998 on 10 November 1998 which describes banks as business entity that collects funds from the public in the form of credit and or other forms to improve the lives of many people. (Presiden Republik Indonesia, 1998). In its activities, Sharia banks, as the actors who collect and distribute funds from and for the community, are trying to improve the quality and quantity of their performance in order to gain profits. One of Sharia banks' efforts to gain profits is through distributing public funds in

the form of financing. Financing is an activity of Sharia banks in distributing funds to the public based on Sharia principles. According to Banking Law No.10 of 1998, financing is the provision of money or claims that can be equaled, based on an agreement or arrangement between the bank and the financed party to return the money or the bill after a certain period with compensation or profit-sharing. (Ismail, 2011).

Mudharabah is one of the financing brands in Sharia banks. *Mudharabah* means the cultivation or investment of the fund owner (*shahibul maal*) to the fund manager (*mudharib*) to carry out certain business activities using the profit and loss sharing method and revenue sharing methods between the parties based on a previously agreed ratio. The profits are divided according to the terms agreed upon. Whereas in the event of loss, it is charged financially only to the owner of the property, while the person who undertakes the business is not necessary to bear the burden of the financial loss for he/she already bears the burden of business loss. An increase in the source of funds carried out by Sharia banks is pursued by raising funds from the public. Further, funds that have been collected by Sharia banks are distributed back to customers. (Ansori, 2009).

Return on Assets (RoA) is the most appropriate indicator to measure the performance of a bank. The Return on Assets (RoA) level of Sharia banks in Indonesia is the best in the world measured by the ratio of return on assets, both for the full-fledge category of banks and for Sharia Business Units (UUS). It is stated that in determining the level of banks' health, Bank of Indonesia (BI) is more concerned with valuing the Return on Assets (RoA) and does not include Return on Equity (RoE). This is because the Bank of Indonesia (BI) as a banking supervisor prioritizes the profitability of a bank as measured by assets whose funds are mostly from public deposits funds. (Sartika, 2010).

LITERATURE REVIEW

In carrying out the sharia banks activities, they collect the funds from the public and also distribute the funds back to their customer in need. The purpose of this fund distribution is

to keep the idle funds not occurred in the sharia banks. Sharia banking can provide various forms of financing. Financing provided by sharia banks has five main forms; *mudharabah* and *musyarakah* (with profit sharing), *murabahah* and *salam* (with buying and selling patterns), and *ijarah* (with operational and financial lease patterns). (Khan, 1995). One of several financing agreements offered by sharia banks to their customers is *mudharabah* financing contract. (Indonesia, 2014).

Mudharabah financing is a form of profit-loss sharing financing when the bank as the owner of the fund or capital (*shahibul maal*), provides capital (100%) to the entrepreneur as a manager (*mudharib*), to engage in productive activities on condition that the profit generated will be shared between them according to the agreement specified earlier in the *akad*. When a loss happen due to the normal process of the business, and not due to the fraud of the manager, the loss is borne entirely by the owner of the capital (*shahibul maal*), and the manager (*mudharib*) loses the personnel and expertise he has devoted. (Ismail, 2011). On the other hand, when the loss happen due to the manager's negligence and fraud, the manager (*mudharib*) shall be fully responsible. Managers do not include capital, but include the power and expertise, and also do not ask for salary or wages in running their business. The owner of the fund only provides capital and is not allowed to intervene in the management of the business it finances. The willingness of the owner of the funds to bear the risk if there is a loss becomes the basis to get a share of the profits. (Karim, 2010).

In the previous study on *Mudharabah* Financing in assessing its effect on Return on Assets (RoA), it was obtained that *Mudharabah* Financing in the previous study significantly affected profitability (Ditha Nada Pratama., Et al: 2017); While in the other study, it showed that *Mudharabah* Financing had a positive effect on Return on Equity (RoE). (Inayati, 2018). To measure of profitability ratios can use assets or capital, if using assets is calculated by using Return on Assets (RoA) if using capital in an effort to achieve profit growth can use Return on Equity (RoE). (Pemata, R. Inti Dwi; Yaningwati, 2014).

RESEARCH METHODS

This study used a quantitative approach which means that the study is in the form of numbers and is analyzed using statistical computation. Quantitative research aims to show the relationship between variables, test theories, and seek for generalizations that have predictive value. (Sugiyono, 2015). The research was conducted at Sharia Commercial Banks in Indonesia which was listed in www.ojk.go.id. The data were obtained from the official account of each bank listed as Sharia Commercial Bank. The data being studied were in the form of *Mudharabah* Financing data as the independent variable (X) and RoA (Return on Assets) as the dependent variable (Y). The study was conducted in 2019 while the data being observed ranged from the 2013-2018 periods. This study carried out a simple linear regression analysis technique using SPSS 22 version application.

$$Y = a + b X + e$$

Y = Dependent variable (Return on Asset)

X = Independent variable (*Mudharabah* financing).

a = Constanta (if the value of X = 0)

b = Slope or simple coefficient regression

e = Standard error.

RESULTS

From the analysis of financial statements conducted by the researcher, it is found that there was instability between the amount of *Mudharabah* Financing and the Return on Assets (RoA). High RoA occurred in 2016, with 1.44% of RoA and the amount of *Mudharabah* Financing was Rp. 1,181,607,000,000 at Bank Negara Indonesia Syariah (BNIS). Meanwhile, Bank Syariah Mandiri (BSM) in 2018 had higher *Mudharabah* Financing value as much as Rp. 3,006,253,000,000 and had lower RoA level at -0.03%. The data in this research have different units of measurement, so the original data must be transformed before being analyzed. Therefore, it is necessary to transform into the Z-Score, the following are the results of standardization:

Table 2. Z-Score Results

Year	Bank Name	Z- Score (X)	Z- Score (Y)
2013	BRI Syariah	-0.4831	0.17368
2014		-0.48373	-1.24732
2015		-0.48134	0.23827
2016		-0.47964	0.62582
2017		-0.48409	-0.32152
2018		-0.48788	-0.49376
2013	BSM	-0.45445	0.77653
2014		-0.46168	-1.48416
2015		-0.46346	-0.21387
2016		-0.46085	-0.14928
2017		-0.45801	-0.14928
2018		-0.45939	-0.85978
2013	Muamalat	-0.47085	-0.75213
2014		-0.47496	-1.05355
2015		-0.4819	-0.98896
2016		-0.48458	-0.9459
2017		-0.48552	-1.18273
2018		-0.48833	-1.24732
2013	BCA Syariah	1.59727	-0.08469
2014		1.45734	0.30286
2015		1.56161	0.64735
2016		3.05191	1.01336
2017		1.8194	1.09948
2018		1.95124	1.09948
2013	BNI Syariah	-0.48546	0.30286
2014		-0.48228	-1.48416
2015		-0.47977	1.65927
2016		-0.48057	1.6808
2017		-0.48379	1.40091
2018		-0.48314	1.63774

Sources: SPSS 22 version application output result

Simple linear regression states the causality relationship between two variables and estimates the value of the dependent variable based on the value of the independent variable. The equation used to predict the value of the variable Y is called the regression equation, in the form of an equation as follow:

Table 3. Simple Linear Regression Analysis Coefficients^a

Model	Unstandardized		Standardized		
	Coefficients		Coefficients		
	B	Std. Error	Beta	T	Sig.
1 (Constant)	2.107E-16	.173		.000	1.000
Zscore(X)	.362	.176	.362	2.053	.050

a. Dependent Variable: Zscore(Y)

A constant of 2.107E-16 means that if *Mudharabah* Financing = 0, the Return on Assets (RoA) variable is 2.107E-16. Hence, if the coefficient of *Mudharabah* Financing is 0.362,

it means that in the circumstance of *Mudharabah* Financing increases by 1% there is a positive effect on Return on Assets (RoA) as many as 0.362.

Table 4. T-Test Results (Partial) Coefficients^a

Model	Unstandardized		Standardized		T	Sig.
	Coefficients		Coefficients			
	B	Std. Error	Beta			
1 (Constant)	2.107E-16	.173			.000	1.000
Zscore(X)	.362	.176	.362		2.053	.050

a. Dependent Variable: Zscore(Y)

Further, individual testing (partial) showed that there is a significant influence of *Mudharabah* Financing on Return on Assets (RoA) with t_{observe} of 2.053, for the $t_{\text{observe}} > 2.053 >$

$t_{\text{table}} 2.048$, it can be concluded that there is an influence of *Mudharabah* Financing on Return on Assets (RoA).

Table 5. Correlation Coefficient (R) Analysis Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.362 ^a	.131	.100	.94880168	1.121

a. Predictors: (Constant), Zscore (X)

Based on the results of the correlation coefficient analysis test it can be seen that the correlation coefficient of 0.362 reflects the strength of the *Mudharabah* Financing variable relationship with the Return on Asset (RoA) variable which means the level of the relationship between the dependent variable and the independent variable is low.

Besides, the statistical test proved that the coefficient of determination or R Square is equal to 0.131 or 13.1% which means that the variable *Mudharabah* (X) has a significant effect on the Return on Assets (RoA) (Y) variable of 13.1%. While the rest (100% - 13.1% = 86.9%) is

influenced by other variables not included in this regression equation or beyond examined variables.

CONCLUSION

From partial testing, it showed that there is a significant influence of *Mudharabah* Financing on Return on Assets (RoA) with t_{observe} of 2.053. Since the $t_{\text{observe}} > t_{\text{table}} 2.048$, it can be concluded that H_1 or the hypothesis is accepted. This means that there is an influence of *Mudharabah* Financing on Return on Assets (RoA). Meanwhile, based on the results of the correlation coefficient analysis test it showed a

correlation coefficient number of 0.362. Thus, the strength of the *Mudharabah* Financing variable relationship with the Return on Asset (RoA) variable is 0.362 which means the level of the relationship between the dependent variable and the independent variable is low. Based on the statistical test, it proved that the coefficient of determination results or R Square is equal to 0.131 or 13.1%. This means that the variable *Mudharabah* has a significant effect on the Return on Asset (RoA) variable of 13.1%. While the rest 86.9% is influenced by other variables not included in this regression equation or beyond examined variables.

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