

THE EFFECT OF MUDHARABAH AND MUSYARAKAH FINANCING ON RETURN ON EQUITY IN SYARIAH BANKS IN INDONESIA

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Abstract : *The analytical method used in this research is descriptive statistical analysis, normality test, multicollinearity test, heteroscedasticity test, autocorrelation test and multiple linear regression method using SPSS version 22. The linear regression results are $Y = 3.505 - 0.092X_1 + 0.819X_2$. From the *t* test of the mudharabah financing variable, it produces *t*count $-0.356 < t_{table} 2.0047$ and a significance value of $0.732 > 0.05$. Then H_0 is accepted and H_1 is rejected, meaning that there is no influence of the mudharabah financing variable (X_1) on the return on equity (Y) variable.*

*Musyarakah financing resulted in *t*count $3.179 > t_{table} 2.0047$ and a significance value of $0.002 < 0.05$. So H_0 is rejected and H_2 is accepted, meaning that there is a significant positive influence on the variable of musyarakah financing (X_2) on the return on equity (Y). *F* test obtained *F*count $143.348 > F_{table} 3.16$ and a significance value of $0.000 < 0.05$. This proves that H_03 is rejected and H_3 is accepted, meaning that there is a significant effect of mudharabah financing (X_1) and musyarakah financing (X_2) on return on equity (Y).*

Mudharabah Financing, Musharaka Financing and Return On Equity

Introduction

Mudharabah and musyarakah financing channeled by banks to customers / managers has a major influence on the development of the bank itself. The greater the disbursed financing, the higher the profit the bank will get, so that it can help in returning capital and getting a profit. With this financing, it is hoped that it will be able to spur people to be able to create businesses and be able to develop them (Muslih, 2017). Profit is an important element in ensuring the continuity of the bank, with the profit earned, the bank's goals will be achieved (Yenni, 2014). In accordance with the concept of profitability, one of the factors affecting the profitability of a bank is the financing channeled by a bank. If the level of financing is high, then profitability will increase. Profitability can be interpreted as an indicator to measure the performance of a company (Sofyan, 2008).

The principles applied in Islamic banking are financial transactions in the form of saving money and channeling funds that are not subject to interest (interest free banking), but with the concept of profit sharing (Faisal, 2018). To achieve this, Islamic banks need to show their profitability which is generally described by the ROA and ROE ratios. ROE can be generated from the comparison of net income and capital, while the largest Islamic bank net profit is obtained from financing. The financing that is often used in Islamic banking includes mudharabah and musyarakah financing.

In accordance with the concept of profitability, the greater the financing that is distributed, the higher the profits that will be received by the bank so that it can help in returning capital and will get a profit (Yuni, 2014). The profitability of a bank, namely financing disbursed by the bank, if the mudharabah and musharaka increase, the financing will increase and will affect the profitability of a bank (Riva'i, 2006). Based on the theory stated above, it shows that if more financing is distributed, the ROE (return on equity) will increase and vice versa if the financing decreases, the ROE will also decrease. The following is a table of financing for the results of mudharabah, musyarakah and return on equity obtained from financial reports that have been issued by financial services authorities.

Table 1
Mudharabah Financing Financial Statements,
Musharaka and Return On Equity
(Miliar rupiah)

No	Tahun	Mudharabah	Musyarakah	ROE (%)
1	2015	8.431	47.049	4,32
2	2016	8.012	54.139	5,75
3	2017	7.050	60.477	4,87
4	2018	5.889	68.652	11,53
5	2019	5.814	84.609	16,49

Based on table 1, we can see that the amount of mudharabah financing originating from the published reports of the financial services authority for the period 2015-2019, starting in 2016, experienced a decrease in financing of Rp. 8,012 billion but ROE increased by 5.75%. The draw in 2018 occurred a decrease in financing of Rp. 5,889 billion was followed by an increase in ROE of 11.53% and in 2019 there was a decrease in financing of Rp. 5,814 billion with an increase in ROE of 16.49%. This shows that the relationship of mudharabah financing is inversely proportional to ROE or has a negative effect, it should be that an increase in mudharabah financing must be followed by an increase in ROE (Riva'i, 2006). So when mudharabah financing is directly proportional to ROE, it will have a positive effect on the company. Furthermore, we can see again that in 2017 there was an increase in musharaka financing of Rp. 60,477 billion but ROE decreased by 4.87%. This shows that the relationship between musyarakah financing is inversely related to ROE or has a negative effect, it should be that an increase in mudharabah financing must be followed by an increase in ROE. So when musyarakah financing is directly proportional to ROE, it will have a positive effect on the company. Based on the problems described above, the authors are interested in conducting research on "The Effect of Mudharabah and Musyarakah Financing on Return On Equity in Islamic Banking in Indonesia".

Literature Review

1. Financing

Financing is the provision of money or an equivalent bill, based on an agreement or agreement between the bank and another party which requires the financed party to return the money or claim after a certain period of time in exchange for or for the results (Kasmir, 2012). Financing provides great results among other distribution of funds carried out by Islamic Banks. In a narrow sense, financing is used to define funding carried out by financing institutions, such as Islamic banks, to customers. From some of the explanations above, it can be concluded that the definition of financing is the distribution of funds or money to other parties in order to support a business or investment that will be carried out to create a better and more profitable business.

2. Mudharabah

Mudharabah comes from the word *adhdharby ardhi*, which is traveling for trade. It is also called *qiradh* which comes from the word *alqardhu* which means deduction, because the owner cuts part of his property to be traded and gets some of the profit (Sri Nurhayati, 2015). Mudharabah means an expression of handing over one's property to another as a business (Novi, 2015)

Al-mudharaba comes from the word *dharab*, which means walking or hitting. Technically, *al-mudharabah* is a business collaboration between two people in which the first party (*shohibul maal*) provides all the capital, while the other party manages it. The business profit is divided according to the agreement in the contract, whereas if the loss is borne by the owner of the capital as long as the loss is not due to the negligence of the manager. If the loss is due to fraud or negligence of the manager, the manager must be responsible for the loss (Syafi'i, 2001).

3. Musyarakah

Al-syrkah means *al-ikhtilat* (mixing) or an association of two or more people, so that between each is difficult to distinguish or cannot be separated. Musyarakah financing is a cooperation agreement between two or more parties to carry out certain businesses (Rian, 2020). Another term for musyarakah is *sharikah* or *syrkah* or partnership. PSAK No. 106 musyarakah is a cooperation agreement between two or more parties for a particular business, in which each party contributes funds on the condition that profits are shared based on agreement while losses are based on fund contributions. The partners together provide certain funds to fund a certain business in the community, both an existing business and a new one, then one of the partners can return the funds and the agreed profit sharing ratio in stages or simultaneously to other partners.

Musyarakah is also defined as a cooperation agreement between two or more parties to carry out a certain business where each party provides funds or charity with an agreement that profits or risks will be shared according to the agreement (Khaerul, 2017). In general, musyarakah can be interpreted as a collaborative engagement between two parties, both individuals and groups or more in certain business activities, each of which invests each other's funds in these business activities by sharing profits and losses according to the agreement (Nur, 2012)

4. Return On Equity

Return on Equity is a measurement and income available to parties and companies (both common stockholders and preferred stock) for the capital they invest in the company (Oktaviana, 2012). This ratio compares the net income to capital, which is presented as a percentage. This ratio shows the efficient use of own capital. The higher the return or income, the better the condition of the company. ROE is generated from the comparison of net income and capital, while the largest Islamic bank net profit is obtained from financing (Dewi, 2013).

Method

The data collection technique used in this research is documentation, by collecting company data regarding financial reports in the form of Islamic banking company financial reports and will be used to calculate the effect of mudharabah and musyarakah financing on Return On Equity. The research approach used a quantitative approach which can be interpreted as a method based on a positive philosophy, used to research on a specific population or sample (Azuar, 2013). The data used is secondary data, namely financial reports registered with the Financial Services Authority (OJK), namely mudharabah financing, musyarakah financing and return on equity. The data analysis technique used: classical assumption testing, multiple linear regression and hypothesis testing.

Result and Discussion

The results of this study are as follows:

1. Test classic assumptions

a. Normality test

. The results of the normality test can be seen in the image below:

Table2
One-Sample Kolmogorov-Smirnov Test

		Untandardized Residual
N		60
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	2,10928573
Most Extreme Differences	Absolute	,077
	Positive	,048
	Negative	-,077
Test Statistic		,077
Asymp. Sig. (2-tailed)		,200 ^{c,d}

From test results known that value. Sig.

a. Test distribution is Normal.
b. Calculated from data.

the table of above, it is the Asymp (2-tailed)

residual of 0.20 where the result is greater than the significance value of 0.05, it can be stated that the data is normally distributed.

b. Multicollonierity Test

The results of the multicollonierity test in this study are as follows:

Table 3

Model		Collinearity Statistics	
		Tolerance	VIF
1	Mudharabah	,141	7,094
	Musyarakah	,141	7,094

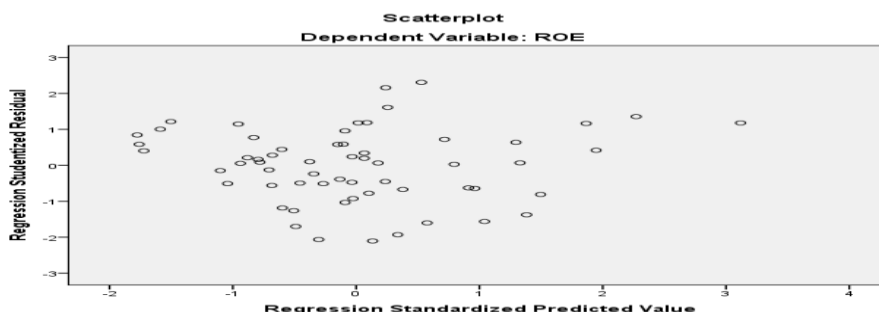
Coefficients^a

It can be concluded that there is no multicollinearity between the independent variables in the regression model.

c. Heteroscedasticity Test

To detect the presence or absence of heteroscedasticity, it can be done by looking at the scatterplot graph to analyze whether heteroscedasticity occurs by observing the distribution of dots in Figure 2.

Figure 2. Scatterplot



The scatterplot graph above shows that the dots spread in all directions randomly past the number 0 and Y axis. So it can be concluded that there is no heteroscedasticity in the regression mode.

d. Autocorrelation Test

The following is a table of autocorrelation test results:

Table 4
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,917 ^a	,842	,836	,27630	1,884

Based on the results of the autocorrelation test for the value of DW = 1,884, then compared with the significance table value of 5% (0.005) with the number of samples (N) = 60 and the number of independent variables 2 so that the dU results from the table $r = 1,6518$. DW value is greater than dU limit and less than $(4-dU) = 4 - 1,6518 = 2,3482$. The test result from Durbin Watson above is $1,6518 < 1,884 < 2,3482$ so it can be concluded that there is no autocorrelation.

2. a. Hypothesis Testing (The t test)

The following is a table of the results of the test (t test):

Table 5
Coefficient a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,505	,324		10,807	,000
	Mudharabah	-,092	,258	-,115	-,356	,732
	Musyarakah	,891	,280	1,031	3,179	,002

a. Dependent Variable: ROE

Based on the table above, it can be seen that mudharabah financing results in a tcount of $-0.356 < t_{table} \text{ of } 2.0047$ and a significance value of $0.732 > 0.05$. Musyarakah financing produces a tcount of $3.179 > t_{table} \text{ of } 2.0047$ and a significance value of $0.002 < 0.05$. Partial t test decision making is as follows:

1. Mudharabah financing produces tcount $-0.356 < t_{table} \text{ of } 2.0047$ and a significance value of $0.732 > 0.05$. So H_0 is accepted and H_1 is rejected, meaning that there is no influence of the mudharabah financing variable (X1) on the return on equity (Y) variable.
2. Musyarakah financing yields tcount $3.179 > t_{table} \text{ of } 2.0047$ and a significance value of $0.002 < 0.05$. So H_0 is rejected and H_2 is accepted, meaning that there is a significant positive influence on the variable of musyarakah financing (X2) on the return on equity (Y).

b. Simultaneous Test (Test F)

The following is a table of simultaneous SPSS test output results (F test):

Table 6

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	21,886	2	10,943	143,348	,000 ^b
Residual	4,122	54	,076		
Total	26,009	56			

Based on table 4.7 above, it can be seen that the value of Fcount is 143.348 > Ftable is 3.16 and a significance value is 0 < 0.05. This proves that H03 is rejected and H3 is accepted, which means that there is an effect of mudharabah (X1) and musharaka (X2) financing. on return on equity (Y) significantly.

3. The coefficient of determination (R)

If the value of determination R² = 0 or R² = 0%, the variation in the dependent variable (Y) cannot be explained all by the independent variable (X) with linear regression Y or X and the point of variation Y will stay away from regression. The following is a table of the results of the SPSS regression test output:

Table 7
ANOVA^a

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,917 ^a	,842	,836	,27630	1,884

From table 7 above, it is found that the determinant (R²) of R square is 0.842, which means that the influence of the independent variables (mudharabah financing and musyarakah financing) on the dependent variable (return on equity) is 84.2% while the rest is influenced by other variables.

Discussion

1. The Effect of Mudharabah Financing on Return On Equity (ROE)

Based on the results of research that has been conducted regarding mudharabah financing on return on equity (ROE) on the financial statements of Islamic commercial banks in Indonesia which results in a value of tcount - 0.356 with a degree of validity (df) is 2.0047, thus the decision making criteria is due to the value of tcount - 0.356 < ttable value 2.0047, and the significance value of mudharabah financing 0.723 > 0.05, it can be concluded that Ho is accepted, which means partially mudharabah financing (X1) has no effect on return on equity (ROE) (Y).

2. The Effect of Musyarakah Financing on Return On Equity (ROE)

1. Musyarakah financing will generate profits from the calculation of the profit sharing, this profit will be used to return the capital allocated for financing so that it will affect the rate of return on equity (ROE).
2. Based on the results of research that has been conducted regarding musharaka financing on return on equity (ROE) on the financial statements of Islamic commercial banks in Indonesia which produces a tcount of 3.179 with a degree of validity (df) is 2.0047, thus

the decision-making criteria is because the value of t_{count} is $3.179 >$ value. t table 2.0047 , and the significance value of mudharabah financing $0.002 < 0.05$, it can be concluded that H_0 is rejected, which means simultaneously musharaka financing (X2) has an effect on return on equity (ROE) (Y).

3. The direction of the positive relationship between musyarakah financing and return on equity (ROE) means that an increase in the amount of musharaka financing can increase return on equity (ROE).

3. The Effect of Mudharabah and Musyarakah Financing on ROE

In accordance with the concept of profitability, one of the factors affecting the profitability of a bank is mudharabah and musharaka financing distributed by Islamic banks, namely if the financing is high, the profitability will increase (Yenni, 2014). Based on the results of simultaneous testing or the F test of mudharabah and musyarakah financing on ROE, the F_{hitung} value = $143.34 >$ 3.16 is obtained. The significance value is $0 < 0.05$, so H_0 is rejected and H_3 is accepted, this indicates that simultaneously mudharabah (X1) and musharaka (X2) financing have an effect on return on equity (ROE) (Y).

Conclusion

Based on the above research results, the conclusions obtained indicate that:

Mudharabah financing variable has no effect on Return On equity (ROE) in Islamic commercial banks in Indonesia. This is evidenced by the results of statistical tests (t test) where the coefficient value for this variable is 0.723 , with a significance value greater than 0.05 (5%); 2. Musyarakah financing variables have an effect on Return on equity (ROE) in Islamic commercial banks in Indonesia. This is evidenced by the results of statistical tests (t test) where the coefficient value for this variable is 0.002 , with a significance value less than 0.05 (5%); 3. The variables of mudharabah and musyarakah financing together have an effect on Return on equity (ROE) in Islamic commercial banks in Indonesia. This is evidenced by the results of statistical tests (F test) where F_{count} $143.34 >$ F table 3.16 where the significance value is $0 < 0.05$; 4. From the results of the statistical test the coefficient of determination (R^2), the R square value is 0.842 or 84.2% , which implies that mudharabah (X1) and musyarakah (X2) have an effect on return on equity (ROE) by 84.2% while the rest influenced by other variables.

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