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The Impact of Corporate Social Responsibility and Profitability in Financial Performance Moderated by Amanah Concept

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ABSTRACT

Purpose – This study aims to fill a gap in the literature by examining the impact of CSR, measured through Zakat, and the effect of profitability on the financial performance of companies in Saudi Arabia, as well as the role of the concept of Amanah as a moderating variable. **Methodology/approach –** This study employs a quantitative method using secondary data from financial reports of banks listed on Tadawul from 2019 to 2023. The sample was selected based on the consistency of reports and the absence of losses in the last three years. Data analysis was conducted through multiple linear regression with panel data using Eviews version 11. **Findings –** The research findings indicate that CSR and the concept of Amanah have a significant impact on the financial performance of Islamic banks, whereas profitability does not have a significant effect. The concept of Amanah also acts as a moderating variable that strengthens the influence of CSR and profitability on financial performance. **Novelty/value –** This study makes a significant contribution by demonstrating that the concept of Amanah plays a key role in enhancing the financial performance of Islamic banks, alongside CSR. The findings support the Sharia Enterprise theory and introduce a new approach to measuring the performance of Islamic banks by placing greater emphasis on the concept of Amanah.

INTRODUCTION

Islamic finance has demonstrated significant growth not only in predominantly Muslim countries but also in others such as the United Kingdom and Australia, which have started to adopt Islamic banking systems. This phenomenon reflects the growing global appeal and relevance of Islamic finance (Islamic Finance Development Indicator, 2022). Despite its advancement, challenges remain regarding corporate performance measured by financial indicators such as Return on Assets (ROA) and Return on Equity (ROE), especially in the context of firms in developing countries like Saudi Arabia (Buallay et al., 2017).

Corporate Governance (CG) and Corporate Social Responsibility (CSR) are two crucial elements influencing corporate performance. Good CG practices are expected to enhance CSR performance, which in turn optimizes firm value (Hadyarti & Mahsin, 2019). However, empirical evidence showing the relationship between CSR and financial performance in Saudi Arabia remains limited and inconsistent (Khan et al., 2013). This highlights the need for more in-depth and comprehensive research in the context of developing countries.

The Islamic Finance Development Indicator (IFDI) report indicates that Islamic banking is the strongest among sub-indicators of Islamic finance, with above-average scores largely due to the number of Islamic banks in various countries. Financial performance measurement in Islamic banking typically uses growth indicators such as ROA and ROE, known as Conventional Performance (COPER) (Medabesh, 2012). However, these measures are considered less suitable for Islamic banking due to operational differences from conventional banks (Nomran & Haron, 2022). Therefore, this study will use Zakat as a performance indicator, known as Islamic Performance (ISPER), with four observed indicators: ZOA, ZOE, ZOR, and ZOIAH.

In addition to improving financial performance, firms are also expected to be socially responsible. Islam emphasizes the importance of social responsibility as part of religious obligations through the payment of Zakat and Shadaqah, aimed at ensuring justice and welfare in society (Al-Quran, 16:90). Countries such as Saudi Arabia mandate firms to pay Zakat, reflecting the integration of social responsibility within the framework of Sharia law (Al Akkas, 2021).

Saudi Arabia’s "Vision 2030" has brought significant changes in legal, economic, social, cultural, and political aspects affecting Zakat and taxation systems. The launch of Environmental, Social, and Governance (ESG) disclosure guidelines by the Saudi Stock Exchange reflects a commitment to enhancing sustainability in the capital market (IFDI, 2022). This aligns with Vision 2030’s goals, placing sustainability as a key pillar.

Zakat can serve as a new benchmark for measuring CSR (Javaid & Al-Malkawi, 2018). In Islamic view, Zakat is a societal obligation similar to CSR. However, secular perspectives often see CSR as a cost reducing profit (Azam & Abdulaziz, 2017). Nevertheless, CSR disclosure is crucial for attracting investors as it enhances company reputation and financial performance (Qilmi, 2021; Arshad et al., 2012).

Previous research indicates that CSR positively impacts financial performance by improving a firm’s external reputation (Ilmi et al., 2020; Permatasari et al., 2023; Wan Ahamed et al., 2014). Sharia-compliant CSR practices are known as Islamic Social Reporting (ISR) (Javaid & Al-Malkawi, 2018). The enterprise theory for testing CSR implementation in Sharia accounting emphasizes accountability to Allah SWT, humanity, and nature, contrasting with conventional approaches focusing solely on company owners (Aulia Riska et al., 2020; Triyuwono, 2003).

Besides CSR, profitability also affects financial performance. High profitability increases investor confidence (Qilmi, 2021; Kasmir, 2016; Fahmi, 2013). In a Sharia context, Zakat is a final goal that firms must achieve (Tarmizi & Septiana, 2016; Zoelisty & Adityawarman, 2014).

Sharia accounting activities impact societal welfare with socioeconomic consequences (Haniffa & Hudaib, 2010). The concept of Amanah, encompassing responsibility, transparency, and “Amanah”worthiness, is crucial in business and affects financial performance (Herianingrum & Hapsari, 2015; Zoelisty & Adityawarman, 2014).

Strong “Amanah” in a company reinforces relationships with stakeholders (Jasfar F, 2017). Amanah can be a factor influencing financial performance and driving Sharia-compliant CSR activities (Fauzia I Y, 2017). This research aims to fill the literature gap by examining the impact of CSR measured through Zakat and profitability on corporate financial performance, as well as the role of Amanah as a moderating variable. This study is expected to provide valuable insights into the relationship between CSR and financial performance in Saudi Arabia, with broader implications for Islamic banking practices.

LITERATURE REVIEW

Sharia Enterprise Theory (SET)

Sharia Enterprise Theory (SET) is a concept within Islam inspired by principles such as zakat, justice, welfare, responsibility, and falah, as elucidated in the Qur'an in Surah Al-Baqarah verses 254 and 267, Surah An-Nur verse 56, and Surah Al-Baqarah verses 215 and 273 (Zakiy, 2015). This theory is used to understand corporate stakeholders from an Islamic perspective, including humans, the natural environment, and Allah SWT as the supreme stakeholder (Triyuwono, 2003). SET explains the vertical and horizontal disclosure of CSR, encompassing hablumminallah (relationship with God) and hablumminannas (relationship with others) (Aulia Riska et al., 2020), and includes dimensions such as God, customers, employees, society, and the environment. SET is considered a better approach to Sharia compared to conventional entity theories (Please et al., 2022).

Financial Performance

Financial performance is a formal evaluation of a company's efficiency and effectiveness in generating profit over a specific period (Silalahi, 2017). Factors influencing financial performance include liquidity, solvency, market value, company size, activity risk, and the implementation of Good Corporate Governance (Jones, 2004; Wiyono, 2017). Financial performance indicators include cash flow, profitability, liquidity, financial structure, and shareholder ratios (Parengkuan, 2017). Measurement methods include Gross Profit Margin (GPM), Net Profit Margin (NPM), Return on Assets (ROA), Return on Equity (ROE), and Earnings Per Share (EPS) (Darsono & Ashari, 2015), as well as Islamic Financial Ratios for Islamic financial institutions (Hameed et al., 2004), such as Zakat on Asset (ZOA) which measures Islamic performance (Tahiri Jouti, 2020). The application of zakat enhances Islamic financial performance (Rahma, 2018).

Zakat in Saudi Arabia

Measuring CSR with the proxy of zakat is crucial in addressing extreme poverty and enhancing communal welfare (Nomran & Haron, 2022). In Saudi Arabia, a Sharia-based legal system regulates zakat, which is mandatory for individuals and businesses (Abbas et al., 2018). Accounting principles and standards are required to identify, record, and disclose zakat information. Zakat is considered a financial act of worship and has significant social impacts, helping to maintain social stability and security by ensuring wealth circulates within the economy.

Corporate Social Responsibility (CSR)

CSR is a concept that requires companies to focus not only on corporate value but also on social responsibility in social, environmental, and financial aspects (Qilmi, 2021). CSR involves responsibilities not only to shareholders but also to other stakeholders (Javaid & Al-Malkawi, 2018). In Islam, the concept of CSR is heavily influenced by values such as monotheism, justice, and social responsibility (Javaid & Al-Malkawi, 2018). Studies show that CSR involving zakat has a significant impact on a company's financial performance (Khan et al., 2013). CSR in the Middle East, influenced by Islamic teachings, has shown positive outcomes (Katsioloudes & Brodtkorb, 2007).

Profitability

Profitability is a measure of a company's ability to generate profit, which affects investor investment policies (Battazzi et al., 2012). Profitability measures are crucial for a company's long-term survival (Saputra, 2017). Methods of measuring profitability include the Return on Assets (ROA) ratio, which assesses the efficiency of asset management in generating net profit (Oktania, 2013). Profitability ratios serve as indicators of management performance in managing the company's assets (Mitchelle & Megawati, 2005).

Concept of Amanah

The Islamic economic value in amanah encompasses the relationship between God and humans, as well as between humans and the environment (Latifah, 2020). The concept of amanah requires each individual to feel the presence of Allah in every task and to understand their moral responsibility towards others and the environment.

The conceptual framework outlines the theoretical underpinnings guiding this research, illustrating the expected interactions between CSR activities, profitability metrics, and overall financial performance, while highlighting the moderating effect of Amanah.

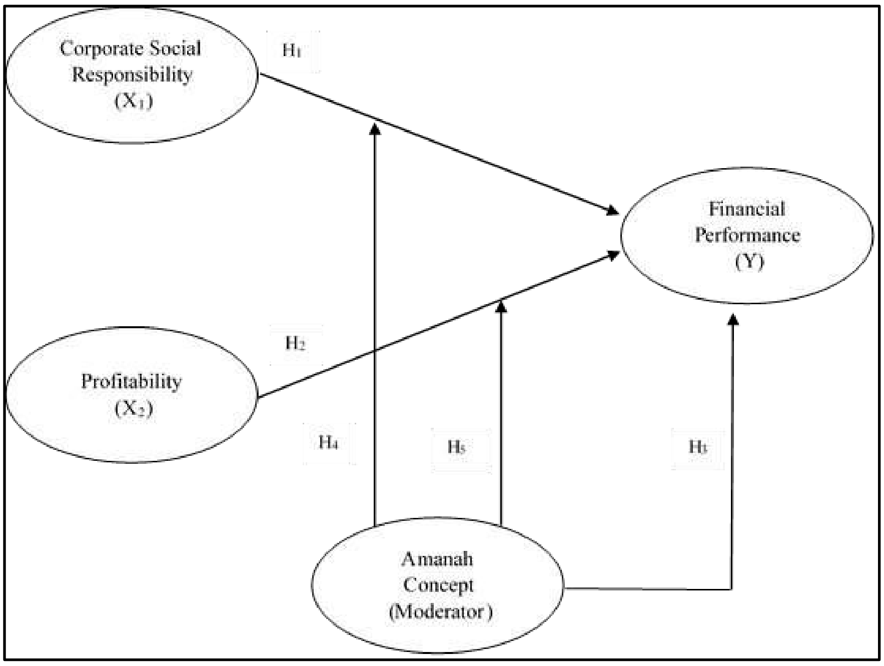

Figure 1. Conceptual Framework

Building upon the conceptual framework outlined (figure 1), this study posits several hypotheses to empirically examine the relationships among Corporate Social Responsibility (CSR), profitability, and financial performance, with the moderating role of Amanah Concept. The following hypotheses are proposed:

- Hypothesis 1: CSR activities have a impact on profitability.
- Hypothesis 2: Profitability influences financial performance.
- Hypothesis 3: CSR activities affect financial performance.
- Hypothesis 4: Amanah moderates the relationship between CSR activities and profitability.
- Hypothesis 5: Amanah moderates the relationship between profitability and financial performance.

METHOD

This study employs a quantitative method based on positivism, investigating a specific population or sample by collecting data through research instruments and performing quantitative data analysis to test hypotheses (Sugiyono, 2012, p. 8). The research is associative, examining the relationships between two or more variables. Its objective is to test the impact of CSR and profitability on financial performance, with the concept of amanah serving as a moderating variable.

The data used is secondary data, consisting of financial reports from banks listed on Tadawul from 2019 to 2023 (Juanda, 2009). The sample was selected using non-probabilistic sampling techniques, specifically target sampling, with criteria including consistency in financial report publication and no losses in the past three years. Data were obtained from the official Tadawul website (www.saudiexchange.sa).

The data analysis technique involves multiple linear regression with panel data, combining time-series and cross-sectional data (Basuki & Prawoto, 2017, p. 275). This analysis was conducted using Eviews version 11 software. The technique includes descriptive statistics to provide a general overview of the data and panel data analysis to identify patterns and relationships between variables. The panel data estimation models include fixed effect, random effect, and common effect, with model selection based on Chow, Hausman, and Lagrange Multiplier tests (Mahuletei, 2016).

RESULT AND DISCUSSION

This study evaluates the impact of CSR and profitability on financial performance with “Amanah”worthiness as a moderating variable. Data were obtained from the Tadawul-Saudi Stock

Exchange, using annual financial reports from banks listed between 2019 and 2023. The sample was selected by ensuring that companies met specific criteria, such as consistency in report publication and no recorded losses. Out of the 11 listed banks, 9 were selected as the sample, namely Saudi National Bank, Alinma Bank, Alrajhi Bank, Al Jazeera Bank, Riyad Bank, Arab National Bank, Albilad Bank, Saudi Investment Bank, and Banque Saudi Fransi.

Statistic Descriptive

Table 1. Statistic Descriptive

	FP	CSR	P	AC
Mean	0,013389	19,76798	0,015615	0,113083
Median	0,012980	19,55905	0,015896	0,103117
Maximum	0,025236	21,61322	0,026449	0,243122
Minimun	0,000225	14,75513	0,003311	0,0636010
Std. Dev	0,004689	1,168041	0,003574	0,032086
Skewness	0,087945	-1,479493	-0,616160	2,223856
Kurtosis	3,589070	8,674747	3,540740	8,870233
Jarque-Bera	0,708638	76,79691	3,395649	101,7033
Probability	0,701651	0,000000	0,183081	0,000000
Sum	0,602513	889,5590	0,702681	5,088754
Sum Sq. Dev.	0,000967	60,03010	0,001271	0,045297
Observation	45	45	45	45

Notes : FP → Financial Performance, CSR → Corporate Social Responsibility,
P → Profitability, AC → Amanah Concept

Source: Eviews 12 Result

In statistic descriptive (table 1), it can be explained that the minimum value of financial performance is 0.000225, while the maximum value is 0.0252. The mean (median) of financial performance is 0.0133 with a standard deviation of 0.0046. The median is higher than the standard deviation, indicating that the variation in financial performance values among the sampled banks is relatively stable with minor data deviations.

Furthermore, CSR shows a minimum value of 14.755 and a maximum value of 21.613. The average CSR is 19.767 with a standard deviation of 1.168. The median CSR value is higher than its standard deviation, suggesting that CSR variation among companies is relatively stable with small deviations.

Based on the data, the minimum profitability value is 0.0003, while the maximum is 0.026. The average profitability is 0.015 with a standard deviation of 0.0053. The variation in profitability values is relatively stable with minor deviations.

Lastly, the minimum value of the Amanah concept is 0.063, while the maximum value is 0.243. The average value of the Amanah concept is 0.113 with a standard deviation of 0.032. Since the median value is higher than the standard deviation, this indicates that the variation in the Amanah concept values among companies is relatively stable with small deviations.

Results of Data Analysis Using Panel Data Regression Model

In panel data regression model testing, three methodological approaches are employed: the Common Effect Model, the Fixed Effect Model, and the Random Effect Model.

Table 2. Panel Data Regression Model

Variabel	Common Effect Model	Fixed Effect Model	Random Effect Model
CSR	0,000	0,000	0,000
Profitability	0,031	0,622	0,144
Amanah Concept	0,000	0,000	0,000

Source: Eviews 12 Result

Table 3. Results of the R-Squared of the Panel Data Regression Model

Model	Result
Common Effect Model	0,816
Fixed Effect Model	0,897
Random Effect Model	0,771

Source: Eviews 12 Result

The results of the R-squared of the panel data regression model (table 3) indicate that the Common Effect Model (CEM) provides a good explanation with an R-squared of 81.6%, showing a significant impact of CSR and profitability on financial performance, though it does not account for individual and temporal differences. The Fixed Effect Model (FEM), which considers individual differences, shows better results with an R-squared of 89.7%, although profitability does not have a significant effect. Meanwhile, the Random Effect Model (REM), which treats the intercept effects as random, yields an R-squared of 77.1%, with similar results for the profitability variable, indicating that the Fixed Effect Model (FEM) is the most effective in explaining the variability in financial performance.

Classical Assumptions Testing

Classical assumption testing aims to ensure that the regression model used is appropriate. If the model meets the classical assumptions, the results of the regression analysis can be considered valid recommendations for knowledge or practical problem-solving.

Normality testing is conducted using the Jarque-Bera statistic to determine whether the dependent and independent variables have a normal distribution. A good regression model requires that the residuals be normally distributed. The criterion for the Jarque-Bera normality test is that the Jarque-Bera probability value (JB) should be greater than 0.05 for the residuals to be normally distributed.

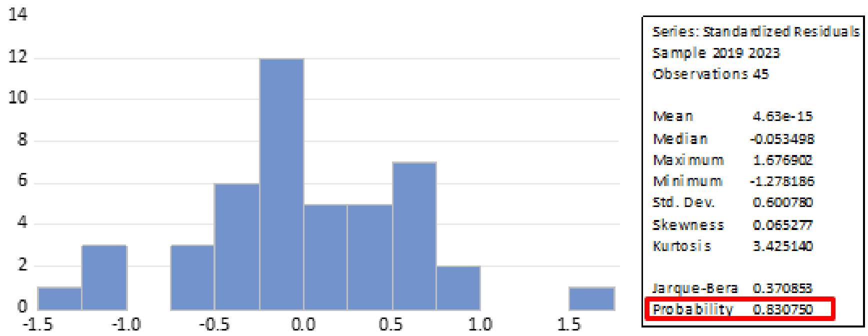

Figure 2. Normality Testing Result

The results from normality testing result (figure 2) show a Jarque-Bera's Probability value of 0.830750, which is greater than the significance level of 0.05. This indicates that the model follows a normal distribution, as the Jarque-Bera probability value exceeds α = 5% (0.05).

To identify the presence of heteroscedasticity, a Glejser test was conducted in this study.

Table 4. Heteroscedasticity Testing Result

Dependent Variable : RESABS
Method : Panel Least Square
Sample : 2019 2023
Periods Included : 5
Cross-Section Included : 9
Total Panel (Balanced) Observation : 45

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CSR	11,65223	20,22210	0,575213	0,5676
Profitability	-34,39128	21,89854	-1,570483	0,1240
Amanah Concept	0,986574	2,055940	0,479865	0,6339

Source: Eviews 12 Result

The heteroscedasticity testing result (table 4) indicate that the probability values for the CSR variable (0.5676), profitability (0.1240), and the concept of "Amanah" (0.6339) are all greater than α = 5% (0.05). This implies that the regression model is free from heteroscedasticity issues.
Multicollinearity testing aims to ensure that there is no perfect linear relationship among the independent variables in the regression model.

Table 5. Multicollinearity Testing Result

Variance Inflation Factors
Included Observation: 45

Variable	Centered VIF
CRS	3,481582
Profitability	3,129068
Amanah Concept	1,560144

Source: Eviews 12 Result

The multicollinearity testing result (table 5) indicate that no independent variable has a VIF value exceeding 10, suggesting the absence of multicollinearity issues in the regression model. Autocorrelation testing was conducted to evaluate potential violations of the classical assumption regarding autocorrelation, which refers to the correlation between residuals from one observation and those from other observations in the regression model. The Durbin-Watson (DW) test was used to detect autocorrelation, with DW values ranging between -4 and +4.

Table 6. Regression Model Analysis Results

Method: Panel Least Squares
Sample: 2019 2023
Periods Included: 5
Cross-Section Included: 9
Total panel (Balanced) Observation: 45

Variable	Coefficient	Std. Error	t-Statistic	p-value
C	14,19157	0,421091	33,70187	0,00000
CSR	327,3171	39,69735	8,245314	0,00000
P	16,03528	33,28330	-0,481782	0,63270
AC	-114,3322	22,88303	-4,996374	0,00000
CSRAC	7,535119	1,251220	6,022218	0,00000
PAC	-1934,249	579,6145	-3,337130	0,00190

R-square	0,905158	Mean dependent var	19,71928
Adjusted R-square	0,892998	S.D. dependent var	1,403694
S.E. of regression	0,459164	Akaike info criterion	1,404747
Sum squared resid	8,222431	Schwarz criterion	1,645635
Log likelihood	-25,60681	Hannan-Quinn criter.	1,494548
F-statistic	74,44163	Dublin-Watson stat	1,874278
Prob(F-statistic)	0,000000		

Notes : FP → Financial Performance, CSR → Corporate Social Responsibility,
P → Profitability, AC → Amanah Concept
CSRAC → Corporate Social Responsibility + Amanah Concept
PAC → Profitability + Amanah Concept

Source: Eviews 12 Result

Based on regression model analysis results (table 6), the **Durbin-Watson** value is 1.874278, indicating the absence of autocorrelation, as this value falls within the range of -4 to +4.

Hypothesis Testing and Panel Data Regression Analysis

A series of tests on model selection indicate that the fixed effects model is the most suitable compared to the random effects model and the common effects model. However, tests of classical econometric assumptions reveal that the common effects model is statistically significant but suffers from heteroscedasticity. Violations of these classical assumptions can lead to biased estimates and questionable validity, potentially resulting in erroneous analyses (Kurniawan, 2019:209).
Based on the regression model analysis results (table 6), we can substitute the **coefficient** values into the following equation:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 Z_1 + \beta_4 X_1 * Z_1 + \beta_5 X_2 * Z_1 + e$$

Thus becoming:

$$FP = 14.191 + 327.317(CSR) - 16.035(P) - 114.332(AC) + 7.535(CSR * AC) - 1934.249(P * AC) + e$$

The equation above indicates that α constant value of 14.191 represents the company's financial performance when CSR, profitability, and the Amanah Concept are held constant. The regression coefficient for CSR (X1) is 327.317, which means that a 1% increase in CSR will improve financial performance by 327.317, demonstrating a positive relationship between CSR and financial performance. Conversely, the coefficient for profitability (X2) is -16.035, suggesting that a 1% increase in profitability will decrease financial performance by 16.035, indicating a negative relationship between profitability and financial performance. The interaction coefficient between CSR and the Amanah Concept (Z1) is 7.535, showing that an increase in CSR moderated by the Amanah Concept will enhance financial performance by 7.535. Meanwhile, the interaction coefficient between profitability and the Amanah Concept is -1934.248, indicating that an increase in profitability moderated by the Amanah Concept will reduce financial performance by 1934.248.

Discussion

The study utilizes the t-test, also known as the partial test, to assess the individual impact of each independent variable on the dependent variable, which in this case is financial performance. The independent variables under examination include Corporate Social Responsibility (CSR), profitability, and the concept of amanah. By applying the t-test, the study aims to determine the significance and strength of each variable's influence on financial performance, allowing for a more detailed understanding of how CSR initiatives, profitability levels, and adherence to the amanah concept contribute to a company's financial outcomes.

The Impact of CSR on Financial Performance

The analysis results indicate (regarding table 6) that the CSR variable (X1) has a t-statistic value of 8.245 with a p-value (significance) of 0.000 (<0.05). This means the first hypothesis is **accepted**, indicating that CSR has a significant impact on financial performance . CSR significantly affects the financial performance of Islamic banks, where higher zakat expenditures positively contribute to financial performance by enhancing reputation and resource efficiency. Conversely, low CSR can reduce the effectiveness of zakat and negatively impact performance. According to Islamic corporate social responsibility theory, Islamic values such as zakat drive good social responsibility, help the less fortunate, and strengthen the company's relationship with the community. Investment in CSR supports social infrastructure development and improves overall company performance, aligning with the findings of Husam-Aldin Nizar Al-Malkawi and Saima Javaid (2017), which show that CSR, particularly zakat, positively contributes to profitability and company value, functioning as a win-win strategy for societal welfare and performance improvement.

The Impact of Profitability on Financial Performance

The analysis (regarding table 6) of the Profitability shows a t-statistic value of -0.481 with a p-value (significance) of 0.632 (>0.05). This means the second hypothesis is **rejected**, indicating that profitability does not have a significant impact on financial performance . Return on Assets (ROA) does not show a significant effect on the company's financial performance measured by Zakat on Assets. Although ROA has a negative direction (-0.481), meaning that higher ROA is associated with lower financial performance, this suggests that the Islamic Enterprise Theory needs to consider the Value Added (VA) concept in income measurement as an alternative to balance sheet and income statement reports. In Islamic banks, zakat is paid based on net assets, but the amount paid does not always correspond to the net asset value. This finding contrasts with previous research indicating that ROA does not significantly affect financial performance according to Zakat on Assets, although Nomran & Haron (2022) suggest that the financial performance of Islamic banks is more appropriately measured by ZOA, in line with basic Islamic principles.

The Impact of "Amanah" Concept on Financial Performance

Analysis of The "Amanah" Concept (regarding table 6) shows a t-statistic value of -4.996 with a p-value (significance) of 0.000 (<0.05). This means the third hypothesis is **accepted**, indicating that the "Amanah" Concept significantly impacts financial performance . The "Amanah" concept has a significant impact on the financial performance of Islamic banks, where high execution of “Amanah” positively contributes to improved performance. When all members perform their duties with “Amanah”, this impacts social performance positively and eventually enhances financial performance. “Amanah” forms the basis for action and work, building positive relationships within institutions, especially in Islamic banking. According to Sharia Enterprise Theory, “Amanah” is a fundamental concept in implementing institutional work programs. This study aligns with previous research by Latifah (2020), which affirms that “Amanah” behavior plays a role in relationships with Allah, fellow humans, and the environment, and supports performance improvement by fostering honesty, responsibility, discipline, and decisiveness in decision-making.

The Impact of CSR and “Amanah” Concept as Moderating Variables on Financial Performance

The analysis results (regarding table 6) for the CSR and “Amanah” Concept (as a moderating variable) show a t-statistic value of 6.022 with a p-value (significance) of 0.000 (<0.05). This means the moderating variable **significantly moderates** the effect of CSR on financial performance . This study shows that the concept of “Amanah” can strengthen the relationship between CSR and company financial performance, making it a moderating variable. This reflects the view that companies function as social institutions with broad social responsibilities, not just for shareholder interests. With a good concept of “Amanah”, CSR can have a more significant impact on company financial performance. These results are consistent with previous research by Septiani and Tarmizi (2016), which found that the concept of “Amanah” functions as a moderating variable in the relationship between CSR (such as zakat) and company financial performance.

The Impact of Profitability and “Amanah” Concept as Moderating Variables on Financial Performance

The analysis (regarding table 6) for the Profitability variable and “Amanah” Concept (as a moderating variable) shows a t-statistic value of -3.337 with a p-value (significance) of 0.0019 (<0.05). This means the moderating variable **significantly moderates** the effect of profitability on financial performance . This study shows that the concept of “Amanah” can strengthen the relationship between ROA (Return on Assets) and company financial performance. Although ROA does not directly affect financial performance, the addition of the moderating variable of “Amanah” can enhance the relationship between ROA and financial performance. This means that the concept of “Amanah” functions as a moderating variable that supports the effect of ROA on financial performance. These findings are consistent with previous research by Septiani and Tarmizi (2016), which states that the concept of “Amanah” can be a moderating variable in the relationship between ROA and company financial performance.

CONCLUSION

The research findings indicate that CSR and the concept of Amanah have a significant impact on the financial performance of Islamic banks, whereas profitability does not have a significant effect. The concept of Amanah also acts as a moderating variable that strengthens the influence of CSR and profitability on financial performance. The implications of this study are twofold: theoretical and practical. Theoretically, the findings support the Sharia Enterprise theory and contribute to the understanding of the impact of CSR and profitability on the financial performance of Islamic banks, as well as the importance of the concept of Amanah. Practically, the study provides recommendations for stakeholders in decision-making and enhances the understanding of the importance of Amanah in evaluating the performance of Islamic banks, while also encouraging the use of Islam-based performance metrics in the Islamic banking industry.

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