UNVEILING THE NEXUS: CORPORATE GOVERNANCE PRACTICES AND CORPORATE FINANCIAL PERFORMANCE OF AN ISLAMIC BANKING

Ummu Salma Al Azizah *, Razali Haron **

* *Corresponding author*, Institute of Islamic Banking and Finance, International Islamic University Malaysia, Kuala Lumpur, Malaysia
Contact details: Institute of Islamic Banking and Finance, International Islamic University Malaysia,
Gombak, P. O. Box 10, 50728 Kuala Lumpur, Malaysia
** Institute of Islamic Banking and Finance, International Islamic University Malaysia, Kuala Lumpur, Malaysia

OPEN ACCESS

How to cite this paper: Al Azizah, U. S., & Haron, R. (2025). Unveiling the nexus: Corporate governance practices and corporate financial performance of an Islamic banking. *Business Performance Review, 3*(1), 37–47.
https://doi.org/10.22495/bprv3i1p4

ISSN Online: 3005-6829
ISSN Print: 3005-6810

Received: 20.08.2024
Revised: 04.11.2024, 03.01.2025; 05.05.2025
Accepted: 12.05.2025

JEL Classification: G21, G34, G39
DOI: 10.22495/bprv3i1p4

Abstract

The importance of corporate governance lies in its ability to ensure transparency, accountability, and ethical decision-making within an organization. It plays a crucial role in fostering investor confidence, enhancing financial performance, and promoting sustainable business practices, particularly in addressing the principal-agent problem. This study examines the impact of corporate governance on the financial performance of Islamic banks in a developing economy, with a focus on Indonesia. Utilizing balanced panel data and regression analysis, the research assesses Islamic financial institutions listed on the Indonesia Stock Exchange (IDX) from 2013 to 2020. To achieve the proposed objectives, a quantitative approach was adopted using a fixed effects panel data model, employed by Stata statistical software. Control variables were included to explore the correlation between theoretical frameworks such as the principal-agent theory and risk management theory. Bank performance metrics analyzed include operational return on assets (ROA) and financial return on equity (ROE) indicators. Corporate governance variables encompass the board of directors (BOD), board of committee (BOC), audit committee (AC), and Shariah supervisory board (SSB). The study reveals a positive relationship between corporate governance and the financial performance of Indonesian Islamic banks, filling a gap in the literature by addressing governance and its role in bank performance. The findings offer valuable insights for policymakers formulating governance mechanisms for Islamic banks and provide businesses and investors with a deeper understanding of governance in the Islamic banking sector.

Keywords: Corporate Governance, ROA, ROE, Islamic Banking, Fixed Effects Model

Authors' individual contribution: Conceptualization — U.S.A.A.; Methodology — R.H.; Software — U.S.A.A.; Validation — U.S.A.A.; Formal Analysis — R.H.; Investigation — U.S.A.A. and R.H.; Data Curation — U.S.A.A.; Writing — Original Draft — U.S.A.A.; Writing — Review & Editing — U.S.A.A. and R.H.; Visualization — U.S.A.A.; Supervision — R.H.; Project Administration — U.S.A.A.; Funding Acquisition — R.H.

Declaration of conflicting interests: The Authors declare that there is no conflict of interest.

1. INTRODUCTION

Corporate governance has become a cornerstone of modern business practices, significantly influencing operational and financial outcomes on a global scale (Chairani & Siregar, 2021). The relevance of robust corporate governance is particularly pronounced in Islamic banking, where ethical principles and adherence to Shariah law are essential (Kachkar & Yilmaz, 2022). This study explores the link between corporate governance practices and financial performance (Koji et al., 2020) within Indonesia's Islamic banking sector, a rapidly expanding segment of the national financial landscape (Mukhibad et al., 2022). The insights gained here provide critical perspectives on how governance frameworks can improve the stability and performance of Islamic financial institutions.

Indonesia, home to the world's largest Muslim population, has witnessed significant expansion in its Islamic banking industry over the past 10 years (Usman et al., 2021). This expansion is driven by rising demand for Shariah-compliant financial products, supported by government initiatives and favorable regulatory environments (Aulia et al., 2020). However, challenges remain in governance, transparency, and risk management, all of which can influence financial performance (Hernandez-Perdomo et al., 2019). Understanding the dynamics between governance and financial performance is crucial for fostering a resilient and efficient Islamic banking sector (Chazi et al., 2018).

Corporate governance in Islamic banking extends beyond conventional frameworks by incorporating Shariah-based principles such as the prohibition of interest (*riba*), risk-sharing, and ethical investments (Abdul Rahim et al., 2024). This study seeks to understand how these governance practices are applied within Indonesian Islamic banks and their effect on financial outcomes, offering comprehensive insights into governance dynamics in this sector Riza and Hafizi (2020).

The study uses quantitative analysis to explore how governance practices impact financial performance. Drawing on financial statements, annual reports, and governance disclosures from Indonesian Islamic banks, data were collected over a specified period (Sencal & Asutay, 2021). Quantitative methods include regression analysis that highlights the correlation between governance variables and financial performance, while interviews with industry experts and an examination of regulatory frameworks provide additional qualitative insights (Saâdaoui & Khalfi, 2024). This comprehensive methodology ensures a robust examination of the governance-performance nexus, capturing both numerical trends and contextual insights.

This study aims to achieve three main objectives: to provide an overview of the key components of corporate governance, to examine existing literature on the connection between corporate governance and the financial performance of Islamic banks, and to analyze the effect of corporate governance on the financial performance of Islamic banks in Indonesia, incorporating control variables at both the firm and country levels.

The study is organized into five sections. Section 2 reviews the literature and develops hypotheses on corporate governance and bank financial performance. Section 3 describes the data and variables used. Section 4 presents the results and empirical tests of the hypotheses and discusses the findings. Section 5 concludes with key implications.

2. LITERATURE REVIEW

Islamic banks place a strong emphasis on social justice and differ from conventional banks in both their principles and operations. Adhering to the Islamic principle of 'fair and reasonable' profit-sharing, often referred to as the profit and loss sharing model, Islamic banks ensure that profits are distributed impartially while strictly prohibiting interests. In the literature, numerous researchers have compared Islamic banks to conventional banks, focusing on aspects such as stability, efficiency, profitability, and business orientation, while highlighting both the differences and similarities between the two.

2.1. Agency theory

This study adheres to agency theory, a widely utilized framework in previous research to explain the impact of board dimensions on sustainability performance. Agency theory, as proposed by Jensen and Meckling (1976), posits that a company's managers, shareholders, and owners act as agents responsible for making managerial decisions. According to the theory, managers and executives are expected to operate the company in the best interests of its directors, thereby protecting the property rights of shareholders (Aslam & Haron, 2020). Based on this theory, Kiptoo et al. (2021) suggest that better corporate governance practices can improve management, thereby enhancing the value of agents through consistent management strategies that boost the performance of Islamic banks.

Agency theory thus provides a rational basis for the role of directors in monitoring top management and executives on behalf of shareholders (Fama & Jensen, 1983). Previous studies (Disli et al., 2022; Pozzoli et al., 2022) show that companies are more likely to adopt certain practices to meet stakeholders' expectations, especially as external dependence on regulators increases. Intense pressures from key stakeholders encourage the disclosure of sustainability information (Mooneeapen et al., 2022). Thus, banks strive to meet regulatory requirements for sustainable banking (Jan et al., 2021).

Indeed, countries where Islamic banking is prevalent, have a large number of Muslims who adhere to Islamic principles and norms (Castillo-Merino & Rodríguez-Pérez, 2021). Consequently, firms operating within Islamic frameworks may be encouraged to adopt sustainable practices such as the payment of zakat, charitable contributions (*sadaqah*), provision of interest-free loans (*card-e-Hassan*), and investments in Islamic education and training as Islam banking is a practice to promote Islam (Saâdaoui & Khalfi, 2024). In this context, management balances the interests of various stakeholders when developing a sustainable disclosure strategy.

Furthermore, the agency theory has also been described as a "theory of the ownership structure of the firm" (Jensen & Meckling, 1976, p. 1), providing an analysis of the economic opportunities available to managers and shareholders (Zarrouk et al., 2021).

2.2. Corporate governance

Corporate governance refers to the system of rules, practices, and processes through which a company is directed and controlled (Claessens, 2006). It involves mechanisms that ensure accountability of corporate leadership to various stakeholders, including shareholders, employees, customers, suppliers, and the wider community (Dong et al., 2023). The primary objective of corporate governance is to enable effective, entrepreneurial, and prudent management that fosters long-term success (Kumar & Firoz, 2022). A key aspect of corporate governance is the board of directors (BOD), which functions as the primary governing authority within an organization. The board is tasked with making pivotal decisions, such as appointing executive management, approving major financial transactions, and establishing overarching company policies (Nahum & Carmeli, 2019). An effective board is distinguished by its independence, diversity, and expertise. Independent directors — those without a material relationship with the company — play an essential role in providing impartial oversight and mitigating conflicts of interest (Younas et al., 2019).

Corporate governance strategies serve as fundamental mechanisms for addressing agency problems within organizations (Aslam & Haron, 2021). This is how they set up their organizations for success and avoid managerial disappointment resulting from misuse of corporate governance codes (Aslam & Haron, 2020). To achieve this, organizations must contribute, collect, and establish a helpful governance framework driven by a knowledge-based system. Thus, a knowledge-based framework allows the nature of audit committee to exist internally and externally and to be controlled by the organization. Therefore, through proper preparation and development, sound corporate governance practices along with audit committee assets will thrive and improve organizational performance.

Transparency and accountability are critical pillars of effective corporate governance, ensuring that organizations operate with openness and integrity (Nicolò et al., 2022). Thus, this emphasizes the critical role of transparency as a cornerstone of effective corporate governance, promoting long-term stability and resilience in a competitive business environment.

Accountability complements transparency by ensuring that individuals and groups in positions of control within a company, such as the board of directors and executive management, are held responsible for their decisions and actions (Castillo-Merino & Rodríguez-Pérez, 2021; Disli et al., 2022). Accountability is reinforced through mechanisms such as regular financial reporting, independent audits, and shareholder meetings (Hamad et al., 2020). These practices create a system of checks and balances that deter misconduct, promote ethical behavior, and ensure that corporate leaders act in the best interests of all stakeholders.

These principles enable stakeholders to effectively monitor the company's performance and governance practices, promoting sustainable and ethical business operations. Furthermore, by embracing these principles, organizations can mitigate risks, improve decision-making processes, and adapt more effectively to changing regulatory and market environments, ensuring resilience and competitiveness in the long run.

Ethical conduct refers to adherence to moral principles and standards in all business dealings, ensuring fairness, honesty, and respect for stakeholders (Mooneeapen et al., 2022). Integrity, on the other hand, involves the consistent application of actions, values, methods, measures, and principles, demonstrating a steadfast commitment to ethical standards. These core values not only enhance stakeholder confidence but also serve as a foundation for resilient and ethically driven decision-making in dynamic business environments.

Companies prioritizing ethics are better positioned to build strong, lasting relationships with customers, suppliers, and other stakeholders (Berntsson Svensson & Torkar, 2024). Furthermore, adherence to high ethical standards enables companies to navigate complex legal and regulatory environments more effectively, mitigating the risk of fines, legal disputes, and reputational harm. The emphasis on ethical conduct and integrity underscores their dual role as both moral imperatives and strategic assets for businesses. By embedding ethics into their core operations, companies not only comply with legal and regulatory requirements but also differentiate themselves in competitive markets, creating a foundation for sustainable growth, innovation, and long-term value creation.

Management and monitoring include observations regarding fairness, transparency, accountability, and responsibility for organizational processes, and all these aspects are expected to be continuously enhanced under established corporate governance codes. There is a consensus in the literature that weak corporate governance practices are associated with poor firm performance and ineffective management. Effective corporate governance not only strengthens internal control mechanisms but also fosters stakeholder trust, which is crucial for organizational sustainability and growth. By adhering to well-defined governance codes, companies can mitigate risks, enhance decision-making processes, and align their objectives with broader ethical and societal standards.

2.3. Conceptual framework of research

The conceptual framework explains the relationship between independent and dependent variables. The study presents the board of directors (*BOD*), board of committee (*BOC*), audit committee (*AC*), and the Shariah supervisory board (*SSB*) as independent variables, whether a return on asset (*ROA*) and return on equity (*ROE*) as dependent variables.

2.3.1. Board of directors and financial performance

The board of directors refers to the total number of individuals serving on the board. Numerous studies have explored how the board of directors influences bank performance. In the context of Islamic banking, maintaining an optimal board size is essential to avoid communication barriers and enhance efficiency. Generally, the key responsibilities of the board include protecting the rights and interests of shareholders, assessing the performance of management, and implementing necessary changes when managerial outcomes are below expectations. According to Yegon et al. (2014), the board of directors serves as a critical governance mechanism for minimizing agency problems, which, based on agency theory, leads to reduced agency costs and maximized firm value.

According to the references provided, the relationship between the board of directors and ROA appears to yield mixed or inconclusive results. Some studies report a positive correlation between corporate governance and ROA. Buallay (2019) discovered that Shariah governance has a notably positive impact on ROA. Mohammad and Wasiuzzaman (2021) hypothesize that banks have higher bank performance due to business complexity, information asymmetry, and changes in market behavior, which leads to better monitoring and advice. Conversely, some studies have found no significant connection between corporate governance and financial performance metrics such as ROA and ROE (Assenga et al., 2018). For instance, Palaniappan (2017) reported that corporate governance factors, particularly board characteristics, showed no relationship with financial performance indicators like ROA, ROE, and Tobin's Q in the Indian manufacturing sector. Similarly, Assenga et al. (2018) found no evidence supporting a link between corporate governance, as framed by agency theory, and financial performance.

While some studies (Nguyen & Huynh, 2023) indicate a positive correlation between the board of directors and a firm's financial performance, others report no significant association, highlighting inconsistencies in the findings. This underscores the need for further research to explore the complexities of this relationship, including contextual factors, governance practices, and industry-specific dynamics that may influence the board's impact on financial performance. Additionally, examining the roles of board composition, diversity, and expertise could provide deeper insights into how these attributes contribute to strategic decision-making and organizational success. Understanding the interplay between internal governance mechanisms and external factors such as regulatory frameworks and market conditions could also help clarify the circumstances under which the board of directors most effectively enhances financial outcomes.

$H1_0$: There is no statistically significant relationship between the board of directors and the financial performance of Islamic banks.

H1: There is a statistically significant positive relationship between the board of directors and the financial performance of Islamic banks.

2.3.2. Board of committee and financial performance

The board of committee plays a critical role in overseeing and advising directors on strategic planning and decision-making processes (Maftuchah, 2018). This oversight ensures that the company operates within its strategic and ethical boundaries while aligning with shareholders' interests. The relationship between the board of committee and financial performance, however, appears to be mixed. Other research suggests no significant link, indicating that the effectiveness of the board of committee may vary depending on contextual and firm-specific factors (Assenga et al., 2018). These inconsistencies may be attributed to differences in board structure, governance practices, and the regulatory environments in which companies operate. Further investigation into the specific attributes of an effective board of committee, such as independence, expertise, and diversity, could provide valuable insights into optimizing its contribution to financial performance.

The relationship between the board of committee, directors, and board committees and financial performance appears to be varied and inconsistent based on the available references. Furthermore, Obembe and Soetan (2015) suggest that the interaction effect with management exerts a small but statistically insignificant impact on productivity growth. Some studies suggest a positive correlation between certain characteristics of the board of directors and financial performance, while others find no significant relationship.

$H2_0$: There is no statistically significant relationship between the board of commissioners and the financial performance of Islamic banks.

H2: There is a statistically significant positive relationship between the board of commissioners and the financial performance of Islamic banks.

2.3.3. Audit committee and financial performance

Audit committees enhance the effectiveness of the board functions, such as ensuring audit quality, maintaining independence in the nomination process, and deliberating compensation considerations, including financial reporting reviews and overseeing executive activities, which are critical to the board's success. Thus, this leads to improved firm performance and greater shareholder wealth accumulation. However, Abdullah et al. (2024) demonstrated that audit committee effectiveness varies as a function of three variables: the number of members, independence, and meeting frequency. Based on previous studies, empirical evidence shows that the relationship between audit committee and firm performance remains inconclusive. For instance, Alqatamin (2018) found evidence that the presence of an audit committee comprised of expert independents enhanced firm value.

The relationship between audit committees and corporate financial performance has shown mixed results in previous studies. For instance, Salehi et al. (2022) employed a multivariate regression model with panel data methods to examine corporate governance and financial reporting transparency across 35 companies listed on the Iraqi Stock Exchange from 2012 to 2018. Their findings revealed a positive and significant relationship between audit committees, management ownership, and financial reporting transparency. Similarly, a study by Alodat et al. (2021) on non-financial companies listed on the Amman Stock Exchange identified a significant relationship between the characteristics of the board of directors and audit committees with financial performance metrics such as ROE and Tobin's Q.

Conversely, some studies have reported a negative relationship between audit committees and corporate financial performance. These findings suggest that the effectiveness of audit committees in influencing financial outcomes may vary depending on factors such as the specific context, industry, or governance structures. For example, Bansal and Singh (2022) examined 92 Indian software companies from 2011 to 2018 and found that board size, board meetings, remuneration, and nomination committees positively influenced more than one performance measure, while audit committees were not associated with any of the performance measures. This study aligns with the findings of Buallay et al. (2020), Chaudhry et al. (2020), and Fariha et al. (2022), which reported a negative association between financial expertise and sustainability reporting.

$H3_0$: There is no statistically significant relationship between the audit committee and the financial performance of Islamic banks.

H3: There is a statistically significant positive relationship between the audit committee and the financial performance of Islamic banks.

2.3.4. Shariah supervisory board size and financial performance

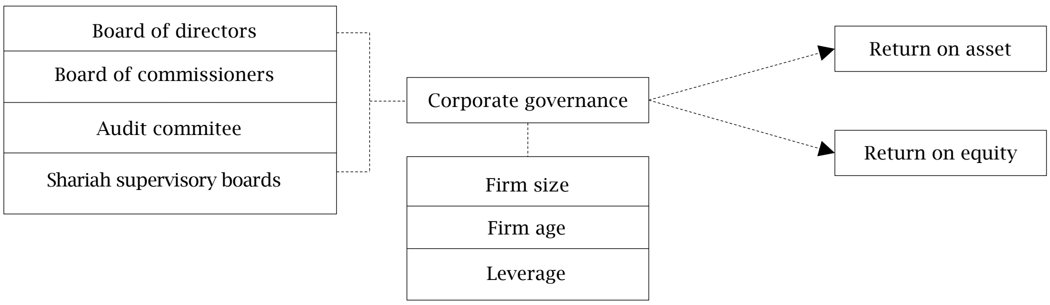
The Shariah governance structure of Islamic banks is distinct, as it requires adherence to a specific set of rules derived from the Holy Quran and Sunnah, which emphasize principles of social fairness and accountability. This governance framework promotes justice among stakeholders by fostering transparency and responsibility (Hassan et al., 2020). The Shariah governance structure defines the composition of the board of directors, the formation of various committees, their roles, management, and the exchange of information. Thus, Islamic banks adopt Shariah principles to govern their operations.

The Shariah supervisory board, board of directors, and management operate as internally autonomous authorities. Therefore, as an internal mechanism of Shariah governance in Islamic banks, the Shariah supervisory board enhances the company's credibility among shareholders and stakeholders (e.g., depositors, investors, and customers), while also reinforcing their Islamic identity. These entities rely on the Shariah supervisory board Alam et al. (2021). Essentially, the Shariah supervisory board ensures that Islamic banks are conducting their operations in accordance with Shariah principles (Hasnan et al., 2020). Additionally, the board plays a pivotal role in fostering transparency and trust by providing consistent oversight and guidance, ensuring that the institution not only meets regulatory requirements but also aligns with the ethical and moral values of Islamic finance (Shaik & Ali, 2022).

$H4_0$: There is no statistically significant relationship between the Shariah supervisory board and the financial performance of Islamic banks.

H4: There is a statistically significant positive relationship between the Shariah supervisory board and the financial performance of Islamic banks.

Figure 1. A framework of the impact of corporate governance on financial performance



3. RESEARCH METHODOLOGY

3.1. Sample and data description

This study examines the relationship between corporate governance and the financial performance of Islamic banks from 2013 to 2020. The Islamic financial sector has attracted more attention from policymakers, monetary authorities, investors, and academics as a more equitable and efficient alternative to the conventional sector. Furthermore, Islamic banking, a critical sector of the Islamic financial market, has grown significantly since its inception in the mid-1980s. Data collection for this study began in 2013 and concluded in 2020, as this was the most recent year for which data was available at the time of collection. The data used in the current study were sourced from annual reports on Indonesian stock price indexes.

This study examined the relationship between corporate governance and the financial performance of Islamic banks from 2013 to 2020. Islamic banking, a pivotal sector of the Islamic financial market, has experienced substantial growth since its inception in the mid-1980s.

3.2. Variables of the study

The study examines the relationship between corporate governance practices and financial performance, focusing on key variables. The dependent variables, *ROA* and *ROE* are used to measure financial performance. *ROA* evaluates profitability in relation to total assets, providing insights into the efficiency of asset utilization, while *ROE* reflects the profitability relative to shareholders' equity, indicating how well a bank generates returns for its investors. These metrics are widely recognized as critical indicators of financial success in the banking sector.

The independent variables represent key aspects of corporate governance, including the *BOD*, the *BOC*, the *AC*, and the *SSB*. These governance elements play essential roles in oversight, strategic decision-making, and ensuring adherence to Shariah principles in Islamic banks. To control for external factors, the study incorporates control variables such as firm size (*FS*), measured by the natural logarithm of total assets, which accounts for operational scale; firm age (*FA*), reflecting organizational experience and maturity; and leverage (*Lev*), representing financial risk and the bank's capital structure. By analyzing these variables, the study aims to provide a comprehensive understanding of how corporate governance influences financial performance in the context of Indonesian Islamic banking.

Table 1. Research variables

Label	Measurement	Computation
Financial performance variables		
ROA	Return on assets	Net income/total asset
ROE	Return on equity	Net income/total equity
Corporate governance variables		
BOD	Board of directors	The number of board of directors
BOC	Board of committee	The number of the board of committee
AC	Audit committee	The number of the board of audit committee
SSB	Shariah supervisory boards	The number of board of Shariah supervisory boards
Control variables		
FS	Firm size	The natural logarithm of the book value of assets
FA	Firm age	Number of years since the firm incorporated as a public company
Lev	Leverage	The ratio of total assets to total equity

3.3. Data analysis technique

The study employs a panel data analysis approach to investigate the relationship between corporate governance practices and financial performance in Indonesian Islamic banks. This method combines cross-sectional and time-series data, allowing for the control of unobserved heterogeneity and capturing variations across banks over time. The analysis involves multiple steps, including descriptive statistics, correlation analysis, regression modeling, and robustness checks, to ensure a comprehensive and rigorous examination of the variables.

3.3.1. Descriptive analysis

Descriptive analysis is conducted to summarize and describe the dataset. Key metrics such as mean, median, standard deviation, minimum, and maximum values are calculated for all variables, providing insights into the data distribution. This step helps identify potential outliers, trends, and anomalies, which can impact the regression results. Descriptive analysis also offers an initial understanding of the relationships between corporate governance variables, financial performance metrics, and control variables.

3.3.2. Pearson correlation test

The Pearson correlation test is applied to evaluate the strength and direction of the linear relationships among the variables. A correlation matrix is constructed to identify significant associations between independent variables (e.g., *BOD*, *BOC*, *AC*, *SSB*) and dependent variables (*ROA* and *ROE*). The test also helps detect multicollinearity issues, where high correlations between independent variables could distort regression outcomes. Multicollinearity, if present, is addressed before proceeding with the regression analysis.

3.3.3. Regression models

The study employs panel regression models to analyze the influence of corporate governance practices on financial performance. Two key models are used, the fixed-effects model (FEM), this model controls for time-invariant characteristics unique to each bank, ensuring that these factors do not bias the results. The random-effects model (REM), this model assumes that individual bank-specific effects are uncorrelated with the independent variables.

The Hausman test is conducted to determine whether the FEM or REM is more appropriate for the dataset. Multivariate regression is then performed to assess the impact of governance variables (*BOD*, *BOC*, *AC*, *SSB*) on financial performance metrics (*ROA* and *ROE*), incorporating control variables such as *FS*, *FA*, and *Lev*. Robustness checks, including alternative performance measures and adjustments for heteroscedasticity, are conducted to validate the consistency of the results. These models provide a detailed understanding of the nexus between corporate governance and financial performance.

4. RESULTS AND DISCUSSION

4.1. Descriptive statistics

The mean, maximum, minimum, and standard deviation of a sample of firms can be provided as the outcomes of descriptive statistics. The table below shows data for the 2013–2020 timeframe that was based on a sample of businesses registered in Jakarta Islamic Index 70 in a table:

Table 2. Descriptive statistics

Variables	Obs.	Means	Std. dev.	Min	Max
Independent variables					
ROA	88	0.5098864	1.955509	-10.77	3.44
ROE	88	3.170909	16.01625	-94.01	26.23
Dependent variables					
BOD	88	4.318182	1.119785	2	7
BOC	88	3.670455	0.9675374	1	6
AC	88	3.7884091	1.15916	2	8
SSB	88	2.272727	0.47288	1	3
Control variables					
FS	88	29.57979	1.870233	24.64634	32.47448
FA	88	19.65909	14.19801	3	48
Lev	88	20.28414	16.85126	5.24165	89.65725

The dataset comprises multiple variables divided into independent, dependent, and control categories, with descriptive statistics provided for each. The dependent variables include *ROA* and *ROE*, which are widely used financial performance indicators that measure a company's efficiency in generating profits relative to its assets and equity (Ajeigbe & Ganda, 2023). *ROA* exhibits an average of 0.51 with a standard deviation of 1.96, spanning from -10.77 to 3.44, which highlights notable variability in asset profitability among the firms analyzed. Similarly, *ROE* shows a mean value of 3.17, accompanied by a much higher standard deviation of 16.02 and a broad range from -94.01 to 26.23, indicating substantial differences in equity profitability across the sample.

The dependent variables include the *BOD*, *BOC*, *AC*, and *SSB*. These variables represent various aspects of corporate governance structures. The *BOD* has a mean of 4.32 members with a standard deviation of 1.12, indicating relatively stable board sizes across the sample, with a range from 2 to 7 members. The *BOC* has a mean size of 3.67 members, *AC* has a mean of 3.79 members, and *SSB* has a mean of 2.27 members, each reflecting the standard composition practices within the organizations sampled. The standard deviations for these governance variables suggest moderate variability in board sizes.

Control variables include *FS*, *FA*, and *Lev*. *FS*, measured by the natural logarithm of total assets, has a mean of 29.58 and a relatively low standard deviation of 1.87, indicating a consistent *FS* across the sample. *FA* has a mean of 19.66 years with a higher standard deviation of 14.20, showing substantial variability in the ages of the firms. *Lev*, representing the extent to which a firm is financed by debt, has a mean of 20.28 with a standard deviation of 16.85, ranging widely from 5.24 to 89.66, indicating significant differences in debt levels among firms. These control variables are essential for understanding the broader context in which corporate governance and financial performance operate, ensuring that the analysis accounts for variations in *FS*, *FA*, and financial structure.

4.2. Pearson correlation test

The correlation matrix provided reveals the intricate relationships between corporate governance variables, financial performance metrics (*ROA* and *ROE*), and control variables (*FS*, *FA*, and *Lev*). At a high level, the correlation between *ROA* and *ROE* is extremely strong (0.9744), indicating that these two profitability metrics move closely together, as expected. Both metrics serve as indicators of a company's financial health, with *ROA* reflecting profitability relative to assets and *ROE* showing profitability relative to shareholders' equity.

Table 3. Correlation test

	ROA	***ROE***	***BOD***	***BOC***	***AC***	***SSB***	***FS***	***FA***	***Lev***
ROA	1.0000								
ROE	0.9744	1.0000							
BOD	-0.0365	0.0423	1.0000						
BOC	-0.1681	-0.1252	0.6177	1.0000					
AC	0.0549	0.0879	0.3989	0.3868	1.0000				
SSB	-0.1261	-0.0795	0.5071	0.5253	0.3603	1.0000			
FS	0.1960	0.1987	-0.0607	-0.2512	0.4746	-0.1217	1.0000		
FA	0.1191	0.1202	-0.0864	-0.1848	-0.3900	0.1178	-0.0383	1.0000	
Lev	0.2863	0.2885	-0.0033	-0.1148	0.0014	-0.1749	0.1065	0.1003	1.0000

When examining the relationship between corporate governance structures and financial performance, it is observed that the *BOD* exhibits a very weak negative correlation with *ROA* (-0.0365) and a slight positive correlation with *ROE* (0.0423). These minimal correlations suggest that the size of the board alone may not have a significant impact on profitability. In contrast, the *BOC* shows a more pronounced negative correlation with both *ROA* (-0.1681) and *ROE* (-0.1252). This indicates that larger boards of commissioners may be associated with lower financial performance, potentially due to inefficiencies or diluted accountability within larger oversight bodies.

The governance variables themselves show notable interrelationships. The positive correlation between *BOD* and *BOC* (0.6177) indicates that firms with larger *BOD* tend to also have larger boards of commissioners, reflecting a holistic approach to governance. Similarly, the moderate positive correlation between *BOD* and the *AC* (0.3989) suggests that a larger *BOD* might influence the size and robustness of the *AC*, which is essential for effective financial oversight. The correlation between *BOC* and the *SSB* (0.5253) further highlights that companies with extensive boards of commissioners are likely to have comprehensive Sharia supervisory structures, emphasizing thorough governance across various dimensions.

Control variables such as *FS* and *Lev* also exhibit meaningful correlations with financial performance. *FS* has a modest positive correlation with *ROA* (0.1960) and *ROE* (0.1987), suggesting that larger firms generally experience better profitability, possibly due to economies of scale and market influence. Additionally, *FS's* positive correlation with *AC* (0.4746) implies that larger firms maintain more substantial audit committees, reflecting the need for more rigorous financial scrutiny. *Lev*, indicating the extent of a firm's debt, shows a modest positive correlation with *ROA* (0.2863) and *ROE* (0.2885), suggesting that firms effectively utilizing debt may achieve better financial performance. These relationships highlight the importance of firm characteristics in shaping financial outcomes and the need for well-balanced governance structures to optimize performance while ensuring effective oversight and accountability.

Table 4. Results of specification tests

Specification test	***Model 1 (ROA)***	***Model 2 (ROE)***	***Assumption tested***	***Decision***
Chow test	$p = 0.0146 < 0.05$	$p = 0.0093 < 0.05$	Pooled OLS is appropriate	Reject → use FEM or REM
Hausman test	$p = 0.9516 > 0.05$	$p = 0.7809 > 0.05$	REM is appropriate	Fail to reject → use REM
Breusch-Pagan Lagrange multiplier (LM) test	$p = 0.0198 < 0.05$	$p = 0.0241 < 0.05$	Variance across entities = 0	Reject → use REM
Ordinary least squares (OLS)	-	-	OLS is appropriate	Reject → use panel model
Final model decision	REM	REM		REM based on combined tests

The specification tests conducted for Model 1 (*ROA*) and Model 2 (*ROE*) provide crucial insights into selecting the appropriate econometric models. The Chow test results for both models show p-values (0.0146 for *ROA* and 0.0093 for *ROE*) that are less than 0.05, leading to the rejection of the null hypothesis. This indicates the presence of structural changes in the data, suggesting that pooling the data without accounting for these changes would be inappropriate. Additionally, the Breusch-Pagan LM test results in p-values (0.0198 for *ROA* and 0.0241 for *ROE*) that are also less than 0.05, leading to the rejection of the null hypothesis in this case as well. This suggests significant variance across entities, indicating that a REM is more suitable than a pooled OLS model.

The Hausman test, on the other hand, shows p-values (0.9516 for *ROA* and 0.7809 for *ROE*) that are greater than 0.05, suggesting that the REM is appropriate as it does not significantly differ from the FEM. Given these test results, the overall decision for both models is to use the REM, which accounts for individual heterogeneity and is deemed suitable due to the non-significant differences highlighted by the Hausman test and the structural changes and variance identified by the Chow and Breusch-Pagan tests, respectively. This ensures a more robust and reliable econometric analysis for the given data.

Table 5. Main regression results

Variables	*Model 1 (ROA)*	*Model 2 (ROE)*
BOD	-0.0602178 (0.812)	0.1741069 (0.932)
BOC	-0.3567557 (0.283)	-2.929702 (0.277)
AC	0.3319515 (0.241)	2.404616 (0.296)
SSB	-0.2226681 (0.724)	-0.8404064 (0.869)
FS	-0.0050249 (0.983)	0.2146399 (0.906)
FA	0.0119525 (0.672)	0.1059304 (0.627)
Lev	0.0191657 (0.117)	0.138709 (0.164)
R-squared (within)	0.0584	0.0373
R-squared (between)	0.2639	0.3110
R-squared (overall)	0.1184	0.1203

Note: Standard errors are indicated in parentheses.

Table 5 indicates that, based on Model 1 (*ROA*) and Model 2 (*ROE*), the *BOD* may be excluded from the analysis due to its negligible impact on firm financial performance as evidenced by the weak negative correlation (-0.0602178). This indicates that the *H1* was accepted for Model 1 (*ROA*) and rejected for Model 2 (*ROE*). Thus, the board of directors has an impact on *ROA* but not on *ROE*. This result was consistent with previous studies of Khalil et al. (2024), which show that the Shariah board and board of directors are the two most important components of corporate governance.

It is also clear from Table 5 that the *BOC* significantly affects both models (Model 1 and Model 2). The relationship between *BOC* and *ROA* is moderately negative, with a coefficient of -0.3567 and a p-value of 0.283. Conversely, the relationship between *BOC* and *ROE* is also negative, with a coefficient of -2.9297 and a p-value of 0.277, signifying a negative and statistically non-significant impact. Thus, the board of committee negatively affects both *ROA* and *ROE*. This finding aligns with previous studies, such as those by Amjath and Shahani (2021).

Furthermore, the *AC* affects both *ROA* and *ROE*. There is a positive correlation between the *AC* and *ROA*, with a coefficient of 0.3319515 and a p-value of 0.241, a positive correlation between the *AC* and *ROA*. This result is consistent with Alqatamin (2018), who found that the effectiveness of audit committee members must have a high level of independence, be financially competent, and hold quality meetings to enhance the quality of their financial reporting. In contrast, the *SSB* shows a negative relationship with both Model 1 and Model 2. These findings align with the studies by Al-Abbadi and Abdullah (2017) and Al-Shiabah and Abdullah (2021), suggesting that effective governance is associated with improved performance in Indonesian Islamic banking.

On the other hand, the control variables also showed different results between the two regression models, as observed in Table 4. Firstly, *FS*, measured by the natural logarithm of total assets, had a highly significant positive effect on firm performance in Model 1 (*ROA*) but a significant negative effect in Model 2 (*ROE*). Furthermore, bank age exhibited a significant negative effect on performance in both models. Lastly, financial *Lev* showed a positive impact on both *ROA* and *ROE*, although this impact was statistically insignificant in both cases.

5. CONCLUSION

The regression results for Model 1 (*ROA*) and Model 2 (*ROE*) indicate that the independent variables, including corporate governance factors such as the *BOD*, *BOC*, *AC*, and *SSB*, do not significantly influence financial performance. This conclusion is based on the high p-values, suggesting no statistically significant relationship between these governance structures and the financial metrics. Similarly, the control variables — *FS*, *FA*, and *Lev* — also fail to show significant effects on either *ROA* or *ROE*. These findings suggest that the governance practices and firm-specific characteristics analyzed in this study may not be key determinants of financial performance in the context of Indonesian Islamic banks.

The limited explanatory power of the models further supports this observation. For Model 1 (*ROA*), the within R-squared is 0.0584, and the overall R-squared is 0.1184. Similarly, for Model 2 (*ROE*), the within R-squared is 0.0373, and the overall R-squared is 0.1203. These low values indicate that the models explain only a small fraction of the variability in financial performance. This suggests that other unexamined factors may play a more significant role in driving financial outcomes. It is likely that external factors, such as macroeconomic conditions or market dynamics, exert a stronger influence than internal governance structures, emphasizing the need for further research to explore these potential drivers.

These findings carry important implications for policymakers, bank management, and researchers in the field of Islamic banking. The lack of significant relationships between corporate governance variables (*BOD*, *BOC*, *AC*, and *SSB*) and financial performance (*ROA* and *ROE*) suggests that current governance structures may not effectively contribute to profitability. This underscores the need to revisit and enhance governance practices by improving the roles and responsibilities of board members, strengthening oversight functions, and fostering better coordination between governance committees. Aligning these structures with financial performance objectives could lead to more meaningful outcomes.

For policymakers, the results point to the potential need for refining regulatory frameworks for Islamic banks in Indonesia. Enhancing the training, expertise, and independence of board members and Shariah supervisory committees could strengthen their capacity to positively impact financial performance. Additionally, the low explanatory power of the models highlights the importance of adopting a broader perspective when assessing bank performance. Incorporating external factors, such as market conditions, macroeconomic variables, and competitive dynamics, could provide more comprehensive insights. Researchers are encouraged to explore these dimensions and adopt alternative methodologies or datasets to uncover a more nuanced understanding of the governance-performance relationship in Islamic banking.

This study, however, is not without its limitations. The dataset consists of 88 observations from Indonesian Islamic banks over a defined period, which may limit the generalizability of the findings to Islamic banks in other regions or the broader banking sector. The relatively small sample size could also reduce the statistical power of the analysis, making it challenging to detect subtle relationships between corporate governance variables and financial performance. Additionally, the study focuses on a limited set of corporate governance variables, such as *BOD*, *BOC*, *AC*, and *SSB*. Other governance factors, including managerial ownership, board diversity, and stakeholder engagement, were not included but could provide additional insights.

Moreover, the financial performance metrics are restricted to ROA and ROE, which, while commonly used, may not fully capture all aspects of bank performance, such as customer satisfaction or operational efficiency. The study also does not account for external factors, such as macroeconomic conditions, market competition, or regulatory changes, which could significantly impact financial performance. Future research should consider these factors and develop a more comprehensive framework to better understand the complex relationship between corporate governance and financial performance in Islamic banking.

REFERENCES

Abdul Rahim, M., Shaharuddin, N. S., & Mohd Suki, N. (2024). Shariah governance disclosure and its effect on Islamic banks' financial performance: Evidence from Malaysia and GCC countries. *Journal of Islamic Accounting and Business Research*, *15*(4), 619–642. https://doi.org/10.1108/JIABR-08-2021-0235

Abdullah, M. W., Ikbal, M., Jannah, R., Bayan, A. Y. M., & Hanafie, H. (2024). Audit committee, board of independent commissioner, and institutional ownership on earnings quality with strengthening of earnings growth. *Journal of Distribution Science*, *22*(6), 11–22. https://doi.org/10.15722/jds.22.06.2024.06.11

Ajeigbe, K. B., & Ganda, F. (2023). The implications of the pandemic for the corporate governance, remuneration and sustainability performance of South African listed companies. *International Journal of Innovative Research and Scientific Studies, 6*(1), 174–184. https://doi.org/10.53894/ijirss.v6i1.1174

Al-Abbadi, A. H., & Abdullah, A. (2017). Modeling psychology in Islamic wealth management. *International Journal of Economics and Finance, 9*(10). https://doi.org/10.5539/ijef.v9n10p64

Alam, M. K., Islam, F. T., & Runy, M. K. (2021). Why does Shariah governance framework important for Islamic banks? *Asian Journal of Economics and Banking*, *5*(2), 158–172. https://doi.org/10.1108/ajeb-02-2021-0018

Alodat, A. Y., Salleh, Z., Hashim, H. A., & Sulong, F. (2021). Corporate governance and firm performance: Empirical evidence from Jordan. *Journal of Financial Reporting and Accounting, 20*(5), 866–896. https://doi.org/10.1108/JFRA-12-2020-0361

Alqatamin, R. M. (2018). Audit committee effectiveness and company performance: Evidence from Jordan. *Accounting and Finance Research, 7*(2), 48–60. https://doi.org/10.5430/afr.v7n2p48

Al-Shiabah, B., & Abdullah, A. (2021). Shariah governance disclosure: A comparative analysis between Islamic banks in Oman. *Journal of Islamic Banking & Finance, 38*(1).

Amjath, M. B. M., & Shahani, M. A. (2021). Application of corporate governance practices in companies listed in CSE Sri Lanka. *Journal of Economics, Finance and Management Studies, 04*(12), 2449–2461. https://doi.org/10.47191/jefms/v4-i12-06

Aslam, E., & Haron, R. (2020). Does corporate governance affect the performance of Islamic banks? New insight into Islamic countries. *Corporate Governance*, *20*(6), 1073–1090. https://doi.org/10.1108/CG-11-2019-0350

Aslam, E., & Haron, R. (2021). Corporate governance and banking performance: The mediating role of intellectual capital among OIC countries. *Corporate Governance*, *21*(1), 111–136. https://doi.org/10.1108/CG-08-2020-0312

Assenga, M. P., Aly, D., & Hussainey, K. (2018). The impact of board characteristics on the financial performance of Tanzanian firms. *Corporate Governance*, *18*(6), 1089–1106. https://doi.org/10.1108/CG-09-2016-0174

Aulia, M., Yustiardhi, A. F., & Permatasari, R. O. (2020). An overview of Indonesian regulatory framework on Islamic financial technology (FinTech). *Jurnal Ekonomi & Keuangan Islam, 6*(1), 64–75. https://doi.org/10.20885/jeki.vol6.iss1.art7

Baidhowi, B. (2018). Sharia banking opportunities and challenges in the digital era. In *Proceedings of the 1st International Conference on Indonesian Legal Studies (ICILS 2018)* (pp. 157–161). Atlantis Press. https://doi.org/10.2991/icils-18.2018.30

Bansal, D., & Singh, S. (2022). Does board structure impact a firm's financial performance? Evidence from the Indian software sector. *American Journal of Business, 37*(1), 34–49. https://doi.org/10.1108/AJB-08-2020-0125

Berntsson Svensson, R., & Torkar, R. (2024). Not all requirements prioritization criteria are equal at all times: A quantitative analysis. *Journal of Systems and Software, 209*, Article 111909. https://doi.org/10.1016/j.jss.2023.111909

Buallay, A. (2019). Is sustainability reporting (ESG) associated with performance? Evidence from the European banking sector. *Management of Environmental Quality*, *30*(1), 98–115. https://doi.org/10.1108/MEQ-12-2017-0149

Buallay, A., Fadel, S. M., Alajmi, J., & Saudagaran, S. (2020). Sustainability reporting and bank performance after financial crisis: Evidence from developed and developing countries. *Competitiveness Review, 31*(4), 747–770. https://doi.org/10.1108/CR-04-2019-0040
Castillo-Merino, D., & Rodríguez-Pérez, G. (2021). The effects of legal origin and corporate governance on financial firms' sustainability performance. *Sustainability*, *13*(15), Article 8233. https://doi.org/10.3390/su13158233
Chairani, C., & Siregar, S. V. (2021). The effect of enterprise risk management on financial performance and firm value: The role of environmental, social and governance performance. *Meditari Accountancy Research*, *29*(3), 647–670. https://doi.org/10.1108/MEDAR-09-2019-0549
Chaudhry, N. I., Roomi, M. A., & Aftab, I. (2020). Impact of expertise of audit committee chair and nomination committee chair on financial performance of firm. *Corporate Governance, 20*(4), 621–638. https://doi.org/10.1108/CG-01-2020-0017
Chazi, A., Khallaf, A., & Zantout, Z. (2018). Corporate governance and bank performance: Islamic versus non-Islamic banks in GCC countries. *The Journal of Developing Areas*, *52*(2), 109–126. https://doi.org/10.1353/jda.2018.0025
Claessens, S. (2006). Corporate governance and development. *The World Bank Research Observer*, *21*(1), 91–122. https://doi.org/10.1093/wbro/lkj004
Disli, M., Yilmaz, M. K., & Mohamed, F. F. M. (2022). Board characteristics and sustainability performance: Empirical evidence from emerging markets. *Sustainability Accounting, Management and Policy Journal*, *13*(4), 929–952. https://doi.org/10.1108/SAMPJ-09-2020-0313
Dong, Y., Liang, C., & Wanyin, Z. (2023). Board diversity and firm performance: Impact of ESG activities in China. *Economic Research — Ekonomska Istrazivanja, 36*(1), 1592–1609. https://doi.org/10.1080/1331677X.2022.2090406
Fama, E. F., & Jensen, M. C. (1983). Separation of ownership and control. *The Journal of Law and Economics*, *26*(2), 301–325. https://doi.org/10.1086/467037
Fariha, R., Hossain, M. M., & Ghosh, R. (2022). Board characteristics, audit committee attributes and firm performance: Empirical evidence from emerging economy. *Asian Journal of Accounting Research, 7*(1), 84–96. https://doi.org/10.1108/AJAR-11-2020-0115
Hamad, S., Draz, M. U., & Lai, F.-W. (2020). The impact of corporate governance and sustainability reporting on integrated reporting: A conceptual framework. *Sage Open, 10*(2). https://doi.org/10.1177/2158244020927431
Hasnan, S., Mohd Razali, M. H., & Mohamed Hussain, A. R. (2020). The effect of corporate governance and firm-specific characteristics on the incidence of financial restatement. *Journal of Financial Crime*, *28*(1), 244–267. https://doi.org/10.1108/JFC-06-2020-0103
Hassan, M. K., Saraç, M., & Alam, A. W. (2020). Circular economy, sustainable development, and the role of Islamic finance. In M. Saraç & M. K. Hassan (Eds.), *Islamic perspective for sustainable financial system* (pp. 1–22). Istanbul University Press. http://nek.istanbul.edu.tr:4444/ekos/KITAP/ekt0000034.pdf#page=9
Hernandez-Perdomo, E., Guney, Y., & Rocco, C. M. (2019). A reliability model for assessing corporate governance using machine learning techniques. *Reliability Engineering & System Safety*, *185*, 220–231. https://doi.org/10.1016/j.ress.2018.12.027
Jan, A., Mata, M. N., Albinsson, P. A., Martins, J. M., Hassan, R. B., & Mata, P. N. (2021). Alignment of Islamic banking sustainability indicators with sustainable development goals: Policy recommendations for addressing the COVID-19 pandemic. *Sustainability, 13*(5), Article 2607. https://doi.org/10.3390/su13052607
Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, *3*(4), 305–360. https://doi.org/10.1016/0304-405X(76)90026-X
Julia, T., & Kassim, S. (2020). Exploring green banking performance of Islamic banks vs conventional banks in Bangladesh based on Maqasid Shariah framework. *Journal of Islamic Marketing*, *11*(3), 729–744. https://doi.org/10.1108/JIMA-10-2017-0105
Kachkar, O., & Yilmaz, M. K. (2022). How diverse are Shariah supervisory boards of Islamic banks? A global empirical survey. *International Journal of Ethics and Systems, 39*(2), 312–341. https://doi.org/10.1108/IJOES-10-2021-0195
Khalil, M. A., Khalil, R., & Khalil, M. K. (2024). Environmental, social and governance (ESG) — Augmented investments in innovation and firms' value: A fixed-effects panel regression of Asian economies. *China Finance Review International*, *14*(1), 76–102. https://doi.org/10.1108/CFRI-05-2022-0067
Kiptoo, I. K., Kariuki, S. N., & Ocharo, K. N. (2021). Corporate governance and financial performance of insurance firms in Kenya. *Cogent Business & Management, 8*(1), Article 1938350. https://doi.org/10.1080/23311975.2021.1938350
Koji, K., Adhikary, B. K., & Tram, L. (2020). Corporate governance and firm performance: A comparative analysis between listed family and non-family firms in Japan. *Journal of Risk and Financial Management, 13*(9), Article 215. https://doi.org/10.3390/jrfm13090215
Kumar, P., & Firoz, M. (2022). Does accounting-based financial performance value environmental, social and governance (ESG) disclosures? A detailed note on a corporate sustainability perspective. *Australasian Accounting, Business and Finance Journal, 16*(1), 41–72. https://doi.org/10.14453/aabfj.v16i1.4
Maftuchah, I. (2018). *Corporate ESG profile on performance: Evidence from Indonesian insurance industry* (Working Paper No. 18–07). Otoritas Jasa Keuangan (OJK). https://surl.lu/gnajzx
Marlina, L., Rusydiana, A. S., Hidayat, P., & Firdaus, N. (2021). Twenty years of Islamic banking in Indonesia: A biblioshiny application. *Library Philosophy and Practice*, Article 4999. https://digitalcommons.unl.edu/libphilprac/4999/
Mohammad, W. M. W., & Wasiuzzaman, S. (2021). Environmental, social and governance (ESG) disclosure, competitive advantage and performance of firms in Malaysia. *Cleaner Environmental Systems, 2*, Article 100015. https://doi.org/10.1016/j.cesys.2021.100015
Mooneeapen, O., Abhayawansa, S., & Mamode Khan, N. (2022). The influence of the country governance environment on corporate environmental, social and governance (ESG) performance. *Sustainability Accounting, Management and Policy Journal*, *13*(4), 953–985. https://doi.org/10.1108/SAMPJ-07-2021-0298
Mukhibad, H., Yudo Jayanto, P., Suryarini, T., & Bagas Hapsoro, B. (2022). Corporate governance and Islamic bank accountability based on disclosure — A study on Islamic banks in Indonesia. *Cogent Business & Management*, *9*(1), Article 2080151. https://doi.org/10.1080/23311975.2022.2080151
Nahum, N., & Carmeli, A. (2019). Leadership style in a board of directors: Implications of involvement in the strategic decision-making process. *Journal of Management and Governance*, *24*, 199–227. https://doi.org/10.1007/s10997-019-09455-3
Nguyen, V. C., & Huynh, T. N. T. (2023). Characteristics of the board of directors and corporate financial performance — Empirical evidence. *Economies*, *11*(2), Article 53. https://doi.org/10.3390/economies11020053

Nicolò, G., Zampone, G., Sannino, G., & De Iorio, S. (2022). Sustainable corporate governance and non-financial disclosure in Europe: Does the gender diversity matter? *Journal of Applied Accounting Research*, *23*(1), 227–249. https://doi.org/10.1108/JAAR-04-2021-0100

Obembe, O. B., & Soetan, R. O. (2015). Competition, corporate governance and corporate performance: Substitutes or complements? Empirical evidence from Nigeria. *African Journal of Economic and Management Studies*, *6*(3), 251–271. https://doi.org/10.1108/AJEMS-02-2012-0007

Palaniappan, G. (2017). Determinants of corporate financial performance relating to board characteristics of corporate governance in Indian manufacturing industry: An empirical study. *European Journal of Management and Business Economics*, *26*(1), 67–85. https://doi.org/10.1108/EJMBE-07-2017-005

Pozzoli, M., Pagani, A., & Paolone, F. (2022). The impact of audit committee characteristics on ESG performance in the European Union member states: Empirical evidence before and during the COVID-19 pandemic. *Journal of Cleaner Production*, *371,* Article 133411. https://doi.org/10.1016/j.jclepro.2022.133411

Riza, A. F., & Hafizi, M. R. (2020). Customers attitude toward Islamic mobile banking in Indonesia: Implementation of TAM. *Asian Journal of Islamic Management, 1*(2), 75–84. https://journal.uii.ac.id/AJIM/article/view/14565

Saâdaoui, F., & Khalfi, M. (2024). Revisiting Islamic banking efficiency using multivariate adaptive regression splines. *Annals of Operations Research*, *334*, 287–315. https://doi.org/10.1007/s10479-022-04545-2

Salehi, M., Ammar Ajel, R., & Zimon, G. (2022). The relationship between corporate governance and financial reporting transparency. *Journal of Financial Reporting and Accounting, 21*(5), 1049–1072. https://doi.org /10.1108/JFRA-04-2021-0102

Sencal, H., & Asutay, M. (2021). Ethical disclosure in the Shari'ah annual reports of Islamic banks: Discourse on Shari'ah governance, quantitative empirics and qualitative analysis. *Corporate Governance*, *21*(1), 175–211. https://doi.org/10.1108/CG-01-2020-0037

Shaik, A. R., & Ali, A. (2022). A nexus between capital structure, inventory and firm performance: A study of leading Indian automobile sector. *Pacific Business Review*, *14*(12), 44–51. https://surli.cc/anphbj

Usman, M., Makhdum, M. S. A., & Kousar, R. (2021). Does financial inclusion, renewable and non-renewable energy utilization accelerate ecological footprints and economic growth? Fresh evidence from 15 highest emitting countries. *Sustainable Cities and Society, 65,* Article 102590. https://doi.org/10.1016/j.scs.2020.102590

Yegon, C., Cheruiyot, J., Sang, J., Cheruiyot, P. K., Kirui, J., & Rotich, J. (2014). The impact of corporate governance on agency cost: Empirical analysis of quoted services firms in Kenya. *Research Journal of Finance and Accounting*, *5*(12), 145–154. https://surl.li/ktigyc

Younas, Z. I., Klein, C., Trabert, T., & Zwergel, B. (2019). Board composition and corporate risk-taking: A review of listed firms from Germany and the USA. *Journal of Applied Accounting Research*, *20*(4), 526–542. https://doi.org/10.1108/JAAR-01-2018-0014

Zarrouk, H., El Ghak, T., & Bakhouche, A. (2021). Exploring economic and technological determinants of FinTech startups' success and growth in the United Arab Emirates. *Journal of Open Innovation: Technology, Market, and Complexity, 7*(1), Article 50. https://doi.org/10.3390/joitmc7010050