

## THE EFFECT OF MUDHARABA, MUSHARAKA, AND IJARA FINANCING TO RETURN ON EQUITY IN BANK BRI SHARIA PERIOD 2016-2020

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**Abstract:** Aim of this research is the phenomenon on the 2016-2020 financial statements of BRI Syariah Bank. It shows that the increase in income is not always followed by an increase in Return On Equity (ROE) at BRI Syariah Bank, vice versa. The purpose of this study was to determine the effect of Mudharaba, musyaraka, and Ijara both in the long and short term on Return On Equity (ROE). The method of this study used quantitative methods, and used secondary data. The population and sample used in this study are BRI Syariah Bank monthly reports, including Mudharaba, musyaraka, and Ijara in the 2016-2020 period. The analytical method used is the Error Correction Model (ECM) with the Eviews program. The results in this study indicate that in the short term and long term, Mudharaba has a significant positive effect on return on equity (ROE), the shortterm results show that the *t*-statistic (*t*-count) is greater than the *t*-critical ( $2.833045 > 2.002247$ ). Meanwhile, the results of the long-term test show that the *t*-statistic (*t*-count) is more significant than *t*-critical ( $2.467613 > 2.002247$ ). Musharaka in the short term and long term affects the return on equity (ROE). The short-term results show that the *t*-statistic (*t*-count) is greater than the *t*-critical ( $2.909601 > 2.002247$ ). Meanwhile, the results of the long-term test show that the *t*-statistic (*t*-count) is more significant than *t*-critical ( $2.733504 > 2.002247$ ). While Ijara in the short term and the long term does not affect the return on equity (ROE), the shortterm results show that the *t*-statistic (*t*-count) is greater than the *t*-critical ( $1.330407 < 2.002247$ ). Meanwhile, the results of the long-term test show that the *t*-statistic (*t*-count) is more significant than *t*-critical ( $1.256261 < 2.002247$ ). Simultaneously, in the short term, Mudharaba, Musharaka, and Ijara have a significant and positive effect on the return on equity (ROE) of 23.8249%. While in the long term, it has a significant effect of 28.3164%.

**Keywords:** Return on Equity, Mudharaba, Musharaka, Ijara

### INTRODUCTION

The profitability used to measuring the bank's ability to earn a profit or overall profit. High profitability can indicate an excellent financial performance of the bank. Conversely, if the profitability achieved is low, the financial performance is less than optimal in generating profits. If low profitability continues, it will impact the low image of the bank in the eyes of the public. A decrease in public trust can cause raising funds to become problematic (Aditya, 2016, p. 2).

In this study, researchers used one of the profitability ratios, namely ROE (*Ratio On Equity*), or it can be said that ROE is the primary indicator of profitability ratios. ROE (*Ratio On Equity*) is a ratio to measure net income after tax with own capital (Harahap, 2018, p. 140). ROE measures the results of both company owners' ordinary and preferred shareholders' capital invested in the company. A high level of ROE indicates that the company generates a high net income. If the net profit generated is high, then the management performance. Based on the publication of Islamic banking statistics conducted by the FSA (the authority of services financial) shows, *Musharaka and Ijara* in Bank BRI Syariah period 2016-2020.

**Table 1. *Mudharaba* and ROE 2016-2020 PT Bank BRI Syariah (In Millions of Rupiah)**

<b>Period</b>	<b><i>Mudharaba</i></b>	<b>ROE</b>
2016 June	1,356,304	0.041
2016 July	1,327,496	0.045
2017 January	1,246,387	0.005
2017 February	1,229,349	0.011
2018 June	648,128	0.024
2018 July	621,859	0.026
2019 Sep	407,037	0.011
2019 Okt	409,534	0.005
2020 January	399,631	0.004
2020 Feb	385,467	0.008

Source: *BRI sharia bank financial statements for the 2016-2020* ('Bank BRI Syariah', 2020)

**Table 2. *Musharaka* and ROE 2016-2020 PT Bank BRI Syariah (In Millions of Rupiah)**

<b>Period</b>	<b><i>Musyarakata</i></b>	<b>ROE</b>
2016 June	5,266,046	0.041
2016 July	5,180,997	0.045
2017 January	5,262,550	0.005
2017 February	5,153,859	0.011
2018 June	6,958,811	0.024
2018 July	6,946,986	0.026
2019 September	9,904,817	0.011
2019 Oktober	10,247,430	0.005
2020 June	366,416	0.022
2020 July	352,909	0.027

Source: *BRI sharia bank financial statements for the 2016-2020* ('Bank BRI Syariah', 2020)

**Table 3. *Ijara* and ROE 2016-2020 PT Bank BRI Syariah (In Millions of Rupiah)**

<b>Period</b>	<b><i>Ijara</i></b>	<b>ROE</b>
2016 January	42,378	0.006
2016 February	38,558	0.009
2017 November	1,110,735	0.064
2017 December	1,146,920	0.040
2018 September	1,636,088	0.030
2018 Oktober	1,646,511	0.018
2019 November	1,608,524	0.005
2019 December	1,597,231	0.014
2020 April	1,474,093	0.018
2020 May	1,387,448	0.020

Source: *BRI sharia bank financial statements for the 2016-2020* ('Bank BRI Syariah', 2020)

In table 1, it can be seen that the *Mudharaba* of PT Bank BRI Syariah has increased and vice versa. In June -July 2016, *Mudharaba* 28,808 decreased, but the ROE increased by 0.004%. In January -February 2017, *Mudharaba* 17,038 decreased, but the ROE increased by 0.006%. In June -July 2018, *Mudharaba* 26,269 decreased, but the ROE increased by 0.002%. In September - October 2019, *Mudharaba* 2,497 increased. Otherwise, the ROE decreased by 0.006%. In January -February 2020, *Mudharaba* 14,164 decreased, then the ROE increased by 0.004%.

In table 2, it can be seen that the *Musharaka* of PT Bank BRI Syariah has increased and also decreased. In June-July 2016, *Musharaka* 85,049 decreased, but the ROE increased by 0.004%. In January-February 2017, *Musharaka* 108,691 decreased, but the ROE increased by 0.006%. In June-July 2018, *Musharaka* 11,825 decreased, but the ROE increased by 0.002%. In September-October 2019, *Musharaka* increased by 342,613, but the ROE decreased by 0.006%. In June -July 2020, *Musharaka* 13,507 decreased, but the ROE increased by 0.005%.

In table 3, it can be seen that the *Musharaka* of PT Bank BRI Syariah has increased and also decreased. In January -February 2016, *Musharaka* 3,820 decreased, but the ROE increased by 0.003%. In November-December 2017, *Musharaka* 36,185 increased, but the ROE 0.034% decreased. In September -October 2018, *Musharaka* increased by 10,423, but the ROE of 0.012% decreased. In November-December 2019, *Musharaka* decreased by 11,293, but the ROE was 0.009% increased. In April -May 2020, *Musharaka* decreased by 86,645, but the ROE increased by 0.002%. Based on the description of the table above, it can be concluded that the

increase in income is not always followed by an increase in ROE at BRI Syariah Bank. On the other hand, a decrease in income. is not always followed by a decrease in ROE at BRI Syariah Bank. It is not under the theory which states that "If increases, the *return on equity* (ROE) also increases(Aziza & Diana, 2021, p. 36)."

## **LITERATURE REVIEW**

### ***Return On Equity (ROE)***

ROE is a tool commonly used by investors and company leaders to measure how much profit the company gets from its capital. For investors, the analysis of *Return On Equity* (ROE) becomes essential because it can be seen the benefits that can be obtained from the investments made. For companies, this analysis is crucial because it is an attractive factor for investors to invest in(Wirosa, 2011, p. 45). Equity, commonly referred to as capital, is the fund invested by the owner in establishing a business to finance bank business activities and comply with government regulations(Andrianto & Firmansyah, 2019, p. 26).

This ratio is a number that is the result of a comparison between profit and total equity. The higher the ROE number obtained, it can be said that the company will be better. As we all know, the principle of economics is to try to get as much profit as possible with the least amount of capital. If the capital used is significant, then the ROE will be smaller. Conversely, if the capital used is small, the ROE number will be even more significant(Satria & Saputri, 2016, p. 56).

### **Financial Sharia**

Law Number 10 of 1998 concerning states that based on sharia principles is the provision of money or an equivalent claim, based on an agreement or agreement between the bank and another party that requires the party being financed to return the money or claim after a certain period in return for or profit-sharing(Faradilla, Arfan, & Shabri, 2017, p. 11). Borrowing money or bills based on an agreement or loan agreement between a bank and another party that requires the borrower to repay the debt after a specific time with the amount of interest, compensation, or profit-sharing(Soemitra, 2016, p. 76). The main tasks of banks, providing fund facilities to meet the needs of parties who are deficit units(Soemitra, 2019, p. 116). It can be

concluded that is funding given to a party to support planned activities or businesses. Borrowers are required to pay off.

## RESEARCH METHODS

In this study, researchers used quantitative research with an associative approach. Quantitative research is research conducted by collecting data in the form of numbers, and the data is processed and analyzed to obtain information. In this study, there is one dependent variable, *Return On Equity* (ROE), and three independent variables; *Mudharaba*, *Musharaka*, and *Ijara*. The data used in this research is secondary data. Secondary data is data collected not only for a particular research or briefly secondary data, data that other parties have collected. Secondary data was also collected based on existing sources. This study uses financial report data from OJK and [www.brisyariah.co.id](http://www.brisyariah.co.id) from 2016-2020. The data analysis technique used *Error Correction Model* (ECM) to determine the short-term and long-term effects of independent variables on the dependent variable, including overcoming non-stationary data and the problem of blunt regression. The tools used in this study to process and analyze existing data are *Econometric Views* (*Eviews*) software version 10 and *Microsoft Excel* 2013. Five stages of testing must be carried out, including Data Stationarity Test, Cointegration Test, Short-Term Model, Test Classical Assumptions, and Long-Term Models.

## RESULTS AND DISCUSSION

Data statistics are used to describe generalizations.

**Table 4. Mean, Median, Maximum, and Minimum Data of Each Research Variable**

Score	mean	median	Maximum	Minimum
<i>Return On Equity</i> (ROE) (%)	0.025	0.0205	0.067	0.001
<i>Mudharaba</i> (Million Rupiah)	755,871	634,993	1,356,304	315,016
<i>Musharaka</i> (Million Rupiah)	8,052,565	6,911,420	15,077,529	4,999,565
<i>Ijara</i> (Million Rupiah)	1,069,503	1,268,822	1,708,165	19,314

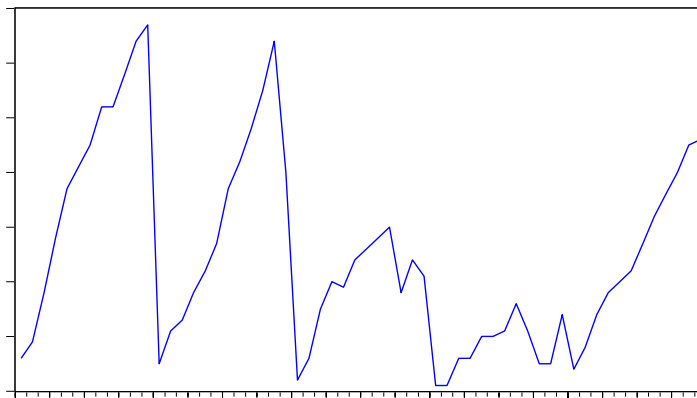
*Source: Secondary Data Processed Using Eviews 10, 2021*

Based on the statistical data presented in table 4 above, an overview of the dependent variable and each independent variable is obtained as follows:

Based on Table 4, it can be seen that *Return On Equity* (ROE) has an average value of 0.025000%, a middle value of 0.020500%, a maximum value of 0.067000%,

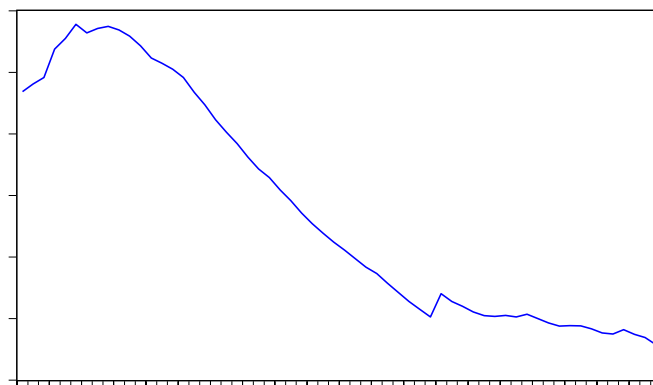
and a minimum value of 0.001000%. The highest number of *Return On Equity* (ROE) occurred in December 2016, while the lowest *Return On Equity* (ROE) occurred in January 2019. Based on Figure 1, *Return On Equity* (ROE) as a whole continues to change, and these changes tend to be unstable. From 2016 to 2017, *Return On Equity* (ROE) tended to increase, but from 2018 to 2019, the number of *Return On Equity* (ROE) tended to decrease, and it will increase again in 2020.

Based on table 4, it can be seen that *Mudharaba* has an average value of 755,871, a median value of 634,993, a maximum value of 1,356,304, and a minimum value of 315,016. Total *Mudharaba* was highest in June 2016, while the sheer number of *Mudharaba* lowest occurred in December 2020. Based on Figure 2, *Mudharaba* tends to decrease significantly from 2016 to 2020.



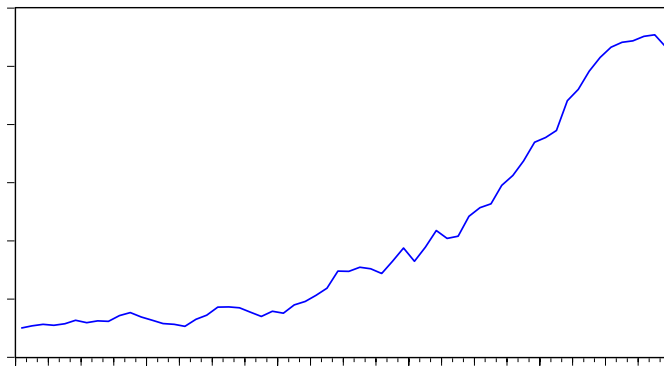
Source: Secondary Data Processed Using Eviews 10, 2021

**Figure 1. Total Return On Equity (ROE) Monthly BRI Syariah Bank Period 2016-2020**



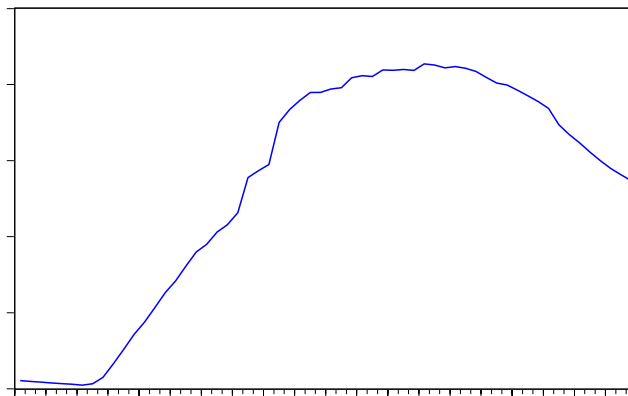
Source: Secondary Data Processed Using Eviews 10, 2021

**Figure 2. BRI Syariah Bank Monthly Mudharaba 2016-2020 period**



Source: Secondary Data Processed Using Eviews 10, 2021

**Figure 3. Amount of Monthly *Musharaka* BRI Syariah Bank 2016-2020 period**



Source: Secondary Data Processed Using Eviews 10, 2021

**Figure 4. BRI Syariah Bank Monthly *Ijara* for the 2016-2020 Period**

Based on table 4, it can be seen that *Musharaka* has an average value of 8,052,565 million rupiahs, a median value of 6,911,420 million rupiahs, a maximum value of 15,077,529 million rupiahs, and a minimum value of 4,999,565 million rupiahs. The highest *Musharaka* occurred in June 2016, while the lowest amount of *Musharaka* occurred in December 2020. Based on Figure 3, *Musharaka* tends to increase continuously from 2016 to 2020.

Based on table 4, it can be seen that *Ijara* has an average value of 1,069,503 million rupiahs, a median value of 1,268,822 million rupiahs, a maximum value of 1,708,165 million rupiahs, and a minimum value of 19,314. Total *Ijara* was highest in April 2019, while the sheer number of *Ijara* lowest occurred in July 2016. Based on Figure 4, *Ijara* as a whole tends to increase and decrease. From 2016 to mid-2019, *Ijara* tends to increase, but from mid-2019 to 2020, *Ijara* has decreased.

***Error Correction Model (ECM) Test***

**Stationarity Test Data: Root Test Unit (Unit *Root Test* )**

This study uses the unit *root test* or the *Augmented Dickey-Fuller (ADF) root test*. This ADF test is often used to detect whether the data is stationary or not. If the ADF stationarity test results produced at the level indicate that the data is not stationary, then the ADF stationary test can be performed at the *second difference level*. This step is carried out until all data variables are at a stationary level. The results of the *Augmented Dickey-Fuller* stationary test at the level are shown in Table 5

**Table 5. *Augmented Dickey-Fuller* Test Results at level**

<b>Variable</b>	<b>ADF value test stat</b>	<b>Probability</b>	<b>Information</b>
<i>Mudharaba</i>	-0.764152	0.8213	Not Stationary
<i>Musharakah</i>	-0.621898	0.8570	Not Stationary
<i>Ijara</i>	-2.751073	0.0720	Not Stationary
<i>Return on Equity (ROE)</i>	-2.596332	0.0994	Not Stationary

*Source: Secondary Data Processed Using Eviews 10, 2021*

**Table 6 *Augmented Dickey-Fuller* Test Results at the *second difference* level**

<b>Variable</b>	<b>ADF value test stat</b>	<b>Probability</b>	<b>Information</b>
<i>Mudharaba</i>	-11.83853	0.0000	Stationary
<i>Musharakah</i>	-12.29823	0.0000	Stationary
<i>Ijara</i>	-11.74709	0.0000	Stationary
<i>Return on Equity (ROE)</i>	-7.403694	0.0000	Stationary

*Source: Secondary Data Processed Using Eviews 10, 2021*

Based on Table 5, it can be seen that all variables; *Mudharaba*, *Musharaka*, *Ijara*, and *Return on Equity (ROE)*, are not stationary at the level of the resulting ADF profitability, greater than 0.05. Because all variables are not stationary, then the *Augmented Dickey-Fuller* stationarity test is carried out at the *first difference* level, but if it is not stationary, use the next level, the *second difference*. The *Augmented Dickey-Fuller* stationary test results at the *second difference* level can be seen in Table 6.

Based on Table 6 above, it can be seen that the probability value of the variable *Mudharaba*, *Musharaka*, *Ijara*, and *Return on Equity (ROE)* is less than 0.005. That is, at the *second difference* level, all variables are stated to be stationary.



**Cointegration Test**

After performing the stationarity test, the next step is to perform a cointegration test which aims to determine whether or not there is cointegration in variable data that shows a short-term and long-term relationship between variables. In this study, the *Augmented Dickey-Fuller* cointegration test was used. The requirement to meet the criteria if the variables studied are cointegrated to look at the behavior of the residuals from the regression equation used, namely the residuals must be stationary where the probability value is less than 0.05. The following results of the regression residual stationarity test can be seen in Table 7

**Table 7. Residual Regression Stationarity Test**

Augmented Dickey- Filler test statistics	t-Statistics	Probability	Information
	-3.550705	0.0099	Stationarity

*Source: Secondary Data Processed Using Eviews 10, 2021*

Based on Table 7, the probability value shows the number 0.0099. Because the resulting probability value is less than 0.005, the residual value is stationary. So it can be concluded that there is a cointegration or long-term relationship between the variables of *Mudharaba*, *Musharaka*, and *Ijara* on *return on equity* (ROE).

**Short-Term Relationship Model**

**Table 8 Short-term Regression Test Results**

Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	0.726214	0.191510	3.792033	0.0004
D(MDH)	1.541095	5.439715	2.833045	0.0065
D(MSY)	1.525598	5.243324	2.909601	0.0052
D(IJR)	3.840173	2.886465	1.330407	0.1890
EC-2	0.363338	0.095799	3.792719	0.0004
R-squared	0.290783	Mean dependent var		0.000678
Adjusted R <sup>2</sup>	0.238249	SD dependent var		0.011677
SE of regres	0.010192	AIC		-6.253532
SS resid	0.005609	SIC		-6.077470
Likelihood logs	189.4792	Hannan Quinn Criter.		-6.184804
F-statistics	5.535088	Durbin-Watson stat		1.659268
Prob(F-statistic)	0.000828			

*Source: Secondary Data Processed Using Eviews 10, 2021*

Based on the table 8, the following equations are obtained from the short-term estimation results:

$$(\text{ROE}) = 0.726214 + 1.541095 (\text{MDH}) + 1.525598\Delta(\text{MSY}) + 3.840173\Delta(\text{IJR}) + 0.363338 (\text{EC-2})$$

The short-term regression results in Table 8 can be explained as follows: The variable (*Mudharaba*) with a *t-statistic* value of 2.833045, the data processing results indicate that the *Mudharaba* variable has a positive coefficient. Then obtained *t-critical* in the table with (0.05) and  $df=nk$  ( $df=60-3=57$ ), which is equal to 2.002247, it can be seen that the *t-statistic* (*t-count*) is more significant than *t-critical* ( $2.833045 > 2.002247$ ), then rejecting  $H_01$  means that in the short term, *Mudharaba* has a significant effect on *return on equity* (ROE). When *Mudharaba* increases, the *return on equity* (ROE) decreases. When the change in *Mudharaba* increased by 1%, the *return on equity* (ROE) decreased by 1.541095 million rupiahs with the assumption that other variables were constant.

The variable (*Musharaka*) with a *t-statistic* value of 2.909601, the results of the data processing indicate that the *Musharaka* variable has a positive coefficient. Then obtained *t-critical* in the table with (0.05) and  $df=nk$  ( $df=60-3=57$ ), which is equal to 2.002247, it can be seen that the *t-statistic* (*t-count*) is more significant than *t-critical* ( $2.909601 > 2.002247$ ), then rejects  $H_03$ , which means that in the short term, *Mudharaba*.

Effect on *return on equity* (ROE). When *musharaka* increases, the *return on equity* (ROE) decreases. When the change in *Musharaka* increased by 1%, the *return on equity* (ROE) decreased by 1.525598 million rupiahs with the assumption that other variables were constant. The variable (*Ijara*) with *t-Statistic* value of 1.330407, the data processing results indicate that the *Ijara* variable has a positive coefficient. Then obtained *t-critical* in the table with (0.05) and  $df=nk$  ( $df=60-3=57$ ), which is equal to 2.002247, it can be seen that the *t-statistic* (*t-count*) is more significant than *t-critical* ( $1.330407 < 2.002247$ ), then accepting  $H_04$  means that in the short term *Ijara* does not affect the *return on equity* (ROE).

### **Long-Term Relationship Model**

Based on the table above, the following equations are obtained from the long-term estimation results:

$$\text{ROE} = -0.097659 + 8.312396 (\text{Mudharaba}) + 5.045980 (\text{Musharaka}) + 1.794788 (\text{Ijara}) + \text{Ut}$$

Table 9. Long-Term Relationship Model Test Results

Variable	Coefficient	Std. Error	t-Stat	Prob.
C	-0.097659	0.054307	-1.798285	0.0775
MDH	8.312396	3.368598	2.467613	0.0167
MY	5.045980	1.845975	2.733504	0.0084
IJR	1.794788	1.428674	1.255261	0.2142
R-squared	0.319614	Mean dependent var		0.025000
Adjusted R <sup>2</sup>	0.283164	SD dependent var		0.017833
SE of regression	0.015098	AIC		-5.484150
SS resid	0.012765	SIC		-5.344527
Likelihood logs	168.5245	Hannan Quinn Criter.		-5.429536
F-statistics	8.768729	Durbin-Watson stat		0.569846
Prob(F-statistic)	0.000074			

Source: Secondary Data Processed Using Eviews 10, 2021

Variable *Mudharaba* with t-Statistic is 2.467613; the results of research data processing show that the *Mudharaba* variable has a positive coefficient. Then, the critical t-table in the t-table with (0.05) and  $df = nk$  ( $df = 60 - 3 = 57$ ) is 2.002247. So that it can be seen that the t-statistic (t-count) is greater than t-critical ( $2.467613 > 2.002247$ ), then rejects  $H_0$ , which means that in the long term, *Mudharaba* has a positive effect on return on equity (ROE). When the *Mudharaba* increased by 1%, the total return on equity (ROE) decreased by 8.312396 million rupiahs assuming that other variables were constant. Variable *Musharaka* with t-Statistic of 2.733504, the results of research data processing show that the *Musharaka* variable has a positive coefficient. Then, the critical t-table in the t-table with (0.05) and  $df = nk$  ( $df = 60 - 3 = 57$ ) is 2.002247. So that it can be seen that the t-statistic (t-count) is greater than t-critical ( $2.733504 > 2.002247$ ), then rejects  $H_0$ , which means that in the long term, *musharaka* has a positive effect on return on equity (ROE). When *Musharaka* increased by 1%, the total return on equity (ROE) decreased by 5,045980 million rupiahs, assuming that other variables were constant. *Ijara* variable with a t-statistic of 1.256261, the results of research data processing show that the *Ijara* variable has a positive coefficient. Then comet-critical on-table t with  $\alpha$  (0.05) and  $df = NK$  ( $df = 60 - 3 = 57$ ) which amounted to 2.002247. So it can be seen that t-statistic (t-count) is smaller than t-critical ( $1.256261 < 2.002247$ ), so

it accepts Ho6, which means that in the long term, the *Ijara* does not affect the *return on equity* (ROE) .

**Partial test ( t-Test )**

The t-test shows how far the influence of one explanatory or independent variable is individually in explaining the variation of the dependent variable with a significance level of =1%, 5%, 10%. This test can be seen from the value of t- *statistics* and the probability of each variable. The results of the t-test can be seen in the following table 10:

**Table 10. Partial Test Results (t-Test)**

<b>Independent Variable</b>	<b>t- Statistics</b>	<b>Probability</b>
<i>Mudharaba</i>	2.833045	0.0065
<i>Musharaka</i>	2.909601	0.0052
<i>Ijara</i>	1.330407	0.1890

*Source: Secondary Data Processed Using Eviews 10, 2021*

Based on the results from Table 10, it can be seen from the t- *statistic* of 2.833045, a probability value of 0.0065 is obtained because the probability value is smaller than = 5% (0.0065 <0.05), it can be concluded that the *Mudharaba* variable in the short term has a significant effect on *return on equity* (ROE).Based on the results from Table 4.10, it can be seen from the t- *Statistic* of 2.909601 that a probability value of 0.0052 is obtained because the probability value is smaller than =5% (0.0052<0.05), it can be concluded that the short-term *Musharaka* variable has a significant effect on *return on equity* (ROE). Based on the results of Table 4.10, it can be seen from the t- *statistic* of 1.330407 that the probability value is 0.1890. because the probability value is smaller than =5% (0.1890>0.05), it can be concluded that the short-term *Ijara* variable has no significant effect on *return on equity* (ROE).

**Simultaneous Test ( F Test )**

The F statistical test shows whether all independent or independent variables included in the model affect the dependent variable. With the provision that if the probability value of the F- *statistic* is less than the significance level, namely = 1%, 5%, and 10%, the independent variables together affect the dependent variable. However, if the value of the F- *statistic* is greater than the significance level, i.e., = 1%, 5%, and 10%, the

independent variables together have no significant effect on the dependent variable. The following is a table of test results from the F test:

**Table 11. Simultaneous Test (F Test)**

Score	F- Statistics	Prob (F- Statistic )
	5.535088	0.000828

Source: Secondary Data Processed Using Eviews 10, 2021

Based on Table 11 above, it can be seen that the probability value of the F- Statistic of 0.000828 is smaller than the value of  $\alpha = 0.005$  ( $0.000828 < 0.05$ ), it can be concluded that simultaneously the independent variables are *Mudharaba*, *Musharaka*, and *Ijara* in the short term. Significant effect on *return on equity* (ROE).

#### **Coefficient of Determination Test.**

The determination test is used to measure the influence of the independent variable on the dependent variable, in this case, the influence of the value of the *mudharaba*, *Musharaka*, and *ijara* variables on the *return on equity* (ROE) of Bank Syariah Indonesia. The results of the determination test from the short-term regression show that the *Adjusted R-Squared* value is 0.238249, which means that the independent variables, namely *Mudharaba*, *Musharaka*, and *Ijara* in the short term, affect the *return on equity* (ROE) of 23.8249% while the rest is Other factors outside the model were influenced by 76.1751%.

## **DISCUSSION**

### **Effect of *Mudharaba* To Return On Equity (ROE)**

*Mudharaba* generates profits from profit sharing. The profits will be divided between customers and the bank to affect the rate of *return on capital* or *return on equity* (ROE) in Islamic banks. It can be seen by comparing profits with the capital they have. <sup>6</sup>To test the hypothesis which states that *Mudharaba* has a positive and significant effect on *return on equity* (ROE) at Indonesian Islamic Banks for the 2016-2020 period, it can be done by looking at the results of the t-test (partial test) on *Mudharaba*.

Based on the short-term and long-term tests, *Mudharaba* affects *return on equity* (ROE). The short-term results show that the t- statistic (t-count) is greater than

the t-critical ( $2.833045 > 2.002247$ ), which means that the short-term test rejects  $H_01$ , and it can be concluded that in the short term, *Mudharaba* affects *return on equity* (ROE). While the results of the long-term test show. That the t- *statistic* (t-count) is more significant than t-critical ( $2.467613 > 2.002247$ ), which means that the long-term test rejects  $H_02$ , and it can be concluded that in the long term, *Mudharaba* affects *return on equity* (ROE). If *Mudharaba* has increased, it can be said that profitability will also increase. Because the value generated from the *Mudharaba* will impact the profits obtained by the bank, these profits will also have an impact on increasing the percentage of Islamic bank profitability.

However, if there are obstacles in the distribution of to customers or the distribution is not smooth, this will also affect the percentage of profitability of the resulting Islamic bank. When the *Mudharaba* has an effect in the short term, it will increase customer interest in doing *Mudharaba* at BRI Syariah banks. And when the *Mudharaba* has an effect in the long term, it can attract investors to collaborate with BRI Syariah Bank. In this study, the short-term generated was 2,833,045, while the long-term generated was 2,467,613. So in this short-term and long-term influence, it can be concluded that the short-term is more influential than the long-term. It can be concluded that *Mudharaba* has a partial effect on *return on equity* (ROE) at Indonesian Islamic Banks for the 2016-2020 period. The results of this study are in line with the research conducted by Mahmudin entitled "The effect of *Mudharaba* on the rate of *return on equity* (ROE) in Islamic banks registered with Bank Indonesia."

### **Effect of *Musharaka* To Return On Equity (ROE)**

*Musharaka* will generate profits from the calculation for the result; the profits will be used for the return on capital allocated to the that will affect the rate of *return on equity* (ROE). <sup>7</sup>To test the hypothesis that *Musharaka* has a positive and significant effect on *return on equity* (ROE) at Indonesian Islamic Banks for the 2016-2020 period, it can be done by looking at the results of the t-test (partial test) on *Musharaka*. Based on the short-term and long-term tests, *Musharaka* affects *return on equity* (ROE). The short-term results show that the t- *statistic* (t-count) is greater than the t-critical ( $2.909601 > 2.002247$ ), which means that the short-term test rejects  $H_03$ , and it can be concluded that in the short term, *musharaka* affects *return on equity* (ROE). Meanwhile, the results of the long-term test show that the t- *statistic* (t-count) is

more significant than t-critical ( $2.733504 > 2.002247$ ), which means that in the long-term test, it rejects  $H_04$ , and it can be concluded that in the long term *musharaka* affects *return on equity* (ROE). The coefficient is positive, meaning a positive relationship between *musharaka* and *return on equity* (ROE). The higher the *musharaka*, the higher the *return on equity* (ROE) percentage. *Musharaka* positively affects the *return on equity* (ROE) rate because *Musharaka* from 2016 to 2020 continued to rise. With this increase, the bank will get increased income, so that it will have an impact on increasing the percentage of profitability in Islamic banks. When the *musharaka* has an effect in the short term, it will increase customer interest in doing *musharaka* at BRI Syariah banks. And when the *musharaka* has an effect in the long term, it can attract investors to collaborate with BRI Syariah Bank. In this study, the short-term generated was 2,909,601, while the long-term generated was 2,733,504. So in this short-term and long-term influence, it can be concluded that the short-term is more influential than the long-term. It can be concluded that *musharaka* has a partial effect on the *return on equity* (ROE) in Indonesian Islamic Banks for the 2016-2020 period. Based on the short-term and long-term test, *Ijara* does not affect the *return on equity* (ROE). The short-term results show that the t-*statistic* (t-count) is smaller than the t-critical ( $1.330407 < 2.002247$ ), which means that in the short-term test, it accepts  $H_05$ , and it can be concluded that in the short term, *Ijara* does not affect the *return on equity* (ROE). While the results of the long-term test show that the t-*statistic* (t-count) is smaller than the t-critical ( $1.256261 < 2.002247$ ), It means that in the long-term test, it accepts  $H_06$ , and it can be concluded that *Ijara* does not affect the *return on equity* (ROE) in the long term. The analysis showed that the *Ijara* does not affect the *return on equity* (ROE). It can be caused because it is still rarely used and slightest interest in *Ijara*. And there are several risks such as damage to goods and depreciation of goods which resulted in the bank still getting rental fees but having to bear the damage. The bank will issue the cost of damage, and depreciation of goods can affect Islamic banks' profit and reduce the *return on equity* (ROE).

In this case, Islamic banks must have good tactics and strategies related to damage to *Ijara*; this is for the advancement of Islamic banking, which will impact the level of *return on equity* (ROE). When the *Ijara* has no effect in the short term, it will impact the customer's interest in doing *Musharaka* at BRI Syariah banks to decrease and when the *Ijara* has no effect in the long term, it can result in at least investors

cooperating with BRI Syariah Bank. In this research, the short-term result is 1.330407, while the long-term result is 1.256261. So, in terms of short-term and long-term effects, it can be concluded that the short-term has the weakest effect on *return on equity* (ROE). It can be concluded that *Ijara* does not partially affect Indonesian Islamic banks' *return on equity* (ROE) for the 2016-2020 period. The results of this study are in line with research conducted by Zalfaa Hibatullah (2019) entitled "The influence of *Mudharaba*, *musharakah*, *Murabaha*, and *Ijara* on *return on equity* (ROE) at BCA Syariah banks", the results of the study stated that *Ijara* did not affect the *return on equity* (ROE).

### **Effect of *Mudharaba* *Musharaka* and *Ijara* Against *Return On Equity* (ROE)**

*Mudharaba*, *Musharaka*, and *Ijara* simultaneously in both the short and long-term berengaruh positive and significant impact on *return on equity* (ROE). It is evidenced by the short-term test where the value obtained from the *Adjusted R-Squared* is 0.238249, then rejects  $H_0$ , which means that the independent variables, namely *Mudharaba*, *Musharaka*, and *Ijara* simultaneously in the short-term equation, affect the *return on equity* (ROE) of 23,8249% while other factors outside the model influence the remaining 76,1751%. While the results of the long-term regression determination test obtained the *Adjusted R-Squared* value of 0.283164 which means that the independent variables, *Mudharaba*, *Musharaka*, and *Ijara* simultaneously in the long-term equation affect the *return on equity* (ROE) of 28, 3164% while other factors outside the model influence the remaining 71.6839%.

### **CONCLUSION**

1. *Mudharaba* financing affects the return on equity (ROE) in the short and long term. Short-term and long-term tests evidence it. Short-term results show that the t- statistic (t-count) is greater than the t-critical ( $2.833045 > 2.002247$ ). Meanwhile, the results of the long-term test show that the t- statistic (t-count) is more significant than t-critical ( $2.467613 > 2.002247$ ). So the short-term and long-term tests reject  $H_0$ 1 and  $H_0$ 2, meaning that *Mudharaba* financing affects the return on equity (ROE) in the short and long term.
2. *Muysarakah* financing in the short term and long term affects the return on equity (ROE). Short-term and long-term tests evidence it. The short-term results



show that the t- statistic (t-count) is greater than the t-critical (2.909601>2.002247). Meanwhile, the results of the long-term test show that the t- statistic (t-count) is more significant than t-critical (2.733504>2.002247). So the short-term and long-term tests reject Ho3 and Ho4, meaning that muysaraka financing affects the return on equity (ROE) in the short and long term.

3. Ijara financing in the short and long term does not affect the return on equity (ROE). Short-term and long-term tests evidence it. Short-term results show that the t- statistic (t-count) is greater than the t-critical (1.330407<2.002247). Meanwhile, the results of the long-term test show that the t- statistic (t-count) is more significant than t-critical (1.256261<2.002247). So in the short-term and long-term tests, accept Ho5 and Ho6, meaning that Ijara financing does not affect the return on equity (ROE) in the short and long term.
4. Financing Mudharaba, Musharaka, and Ijara simultaneously in both the short and long-term berpengaruh positive and significant impact on return on equity (ROE). It is evidenced by the short-term test where the value obtained from the Adjusted R-Squared is 0.238249, then rejects Ho7, which means that the independent variables, namely Mudharaba, Musyaraka, and Ijara financing simultaneously in the short-term equation, affect the return on equity (ROE) of 23,8249% while other factors outside the model influence the remaining 76,1751%. While in the long term, the Adjusted R-Squared value is 0.283164, it rejects Ho8, which means that the independent variables, namely Mudharaba, Musyaraka, and Ijara financing simultaneously in the long-term equation affect the return on equity (ROE) of 28.3164%. The rest of 71.6839% is influenced by other factors outside the model.

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